CORPORATE RESPONSIBILITY @ MUNICH RE

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Head Corporate Responsibility
Relevance of Corporate Responsibility

Corporate Responsibility @ Munich Re

Our strategic approach

„Principles for Sustainable Insurance“

Why corporate responsibility?

The principle of sustainability –
The start of long-term management

"One should only strike as many trees as can grow back, (… to secure the stock for the future and live from the 'interest'."
(Hans Carl von Carlowitz, 1713)

Sustainability – more important for corporate responsibility today than ever

“Sustainable development involves the simultaneous pursuit of economic prosperity, environmental quality and social equity. Companies aiming for sustainability need to perform against this triple bottom line…”
Relevance of Corporate Responsibility

Corporate responsibility (CR) increasingly relevant for stakeholders - competitive advantage

- National legislation on CR reporting (e.g. EU, F, D, UK, NL, S-Africa)
- Climate regulation (e.g. UK Carbon Commitment, China, India)

- Increase of SRI* investments
- Demand for SRI information also by mainstream investors

- Demand on transparency
- Change in customer behaviour (e.g. LOHAS**)

- CR as strategic element & business opportunity

- Rise of reputational risks
- Financial crisis: question of responsible behaviour

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1. SRI = Socially Responsible Investment
2. LOHAS = Lifestyle of Health and Sustainability

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International cooperation of Munich Re – a strong commitment towards corporate responsibility

**Examples**

**UNEP-FI**
Munich Re has signed the climate declaration of the UNEPFI and is active member of the UNEPFI Climate Change Working Group.

**Principles for Responsible Investment (PRI)**
Munich Re has actively developed and signed the UN Principles for Responsible Investment (PRI) as first German company in April 2006. By January 2011, PRI has 872 signatories. By January 2011 Chair of PRI.

**UN Global Compact**
Munich Re is member of the UN Global Compact since August 2007. The ten principles of Global Compact are a guidance for action in our business and set the basis for our Corporate Responsibility activities.

**Principles for Sustainable Insurance (PSI)**
Involvement since 2007, since September 2010 Munich Re holds the chair in the UNEPFI- PSI Team and founding signatory since June 2012. Aim: to anchor ESG criteria into core business along the value chain.

**Corporate Responsibility @ Munich Re: Our strategic approach**

"Corporate Responsibility is integral part of our corporate strategy and relevant for all business areas and operations":

- Munich Re actively also integrates ESG aspects into (re-)insurance and asset management
- Munich Re conducts active environmental management at its business sites and strives for carbon neutrality
- Munich Re assumes its responsibility as corporate citizen in areas close to its core business and in the area of culture and social need at its local operations."
Corporate Responsibility @ Munich Re: Our strategic approach

Five action fields in one group-wide Corporate Responsibility programme

### Enabling Framework
1. **Strategy & Governance**
   - Corporate Responsibility strategy
   - Corporate Responsibility governance
   - Compliance to UN Global Compact

### Content description
2. **Corporate Responsibility in Business**
   - Integration of Corporate Responsibility issues into (re-)insurance business (PSI2)
   - Integration of Corporate Responsibility issues into asset management (PRI3)

3. **Environmental Management System (EMS)**
   - CO2 neutrality
   - Global EMS strategy

4. **Corporate Citizenship (CC)**
   - Global strategy for CC
   - Lighthouse project

### Enabling Framework
5. **Reporting & Communication**
   - Annual update of Corporate Responsibility portal
   - Global Corporate Responsibility reporting
   - Position in major SRI ratings

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Corporate Responsibility in business @ Munich Re: New solutions for global challenges

### How ESG issues are factored into business and turned into business solutions

#### Reinsurance / Munich Health
- **Climate change**
  - Nathan Risk Suite
  - New coverage concepts in the area of renewable energy
- **Desertec**
- **CO2-free power generation in North Africa**
- **Public Private Partnership**
  - Weather index based insurance
- **Health**
  - Managed care & prevention

#### Primary insurance
- **Life insurance**
  - Unit-linked life insurance with investment in SRI products
- **Motor insurance**
  - 10% premium rebate for environmentally friendly cars
- **Microinsurance**
  - Range of insurance products (e.g. health, property, personal accident, crop)
  - Mobile phone based insurance solutions

#### Asset management / Investment
- **SRI funds**
  - 80% of investments in shares, corporate and government bonds in accordance with sustainability criteria
  - MEAG SRI funds
- **RENT / Infrastructure**
  - Investment programme Renewable Energies & New Technologies: €2.5bn planned
  - Additional infrastructure investment programme with a planned volume of €1.5bn
Climate neutrality based on environmental management and CO₂ emission reductions

Our steps to climate neutrality

- Group environmental management with 30% of sites certified and approx. 87% staff covered
- Energy efficiency in buildings and IT: e.g. MRAmerica, MEAG, MRM
- 100% energy from renewables: e.g. Munich and Milan
- CO₂ neutralization: purchasing CO₂ certificates

Achieving climate neutrality

- Munich Re (Munich): climate neutral since 2009
- Munich Re (Group): 10% CO₂ reduction and climate neutral by 2015

Corporate citizenship – Responsibility for the community

Focus: science & education, environment, demographic change, health, natural catastrophes, cultural and social community projects

- A new concept designed to link our commitment more closely to the challenges facing society
- Project-based approach supported by the work of our three corporate foundations
Broad external recognition for Munich Re’s Corporate Responsibility performance

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Global survey of practitioners supports relevance of Environment – Social – Governance (ESG) factors

- ESG topics are financially material
- Governments are not addressing ESG risks appropriately
- ESG Management increases corporate value through enhanced risk management and new business opportunities


‘Companies that have strong policies on ESG are generally better managed in all aspects of their operations including their risk management culture.’ – Director, Risk Management (Europe)

‘We are convinced that sound [ESG] behaviours and practices lead to reduced exposure over time and therefore should be reflected in the insurance relationship.’ – President & Chief Executive Officer (North America)

Munich Re supported the development of the Principles for Sustainable Insurance (PSI)

ESG across industry sectors

ESG across financial sectors (banking, insurance and investment)

ESG by financial sector

Climate change by financial sector

Source: UNEPFI, PSI Initiative, 2012
Principles for Sustainable Insurance

1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, reduce risk and develop solutions.
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Primary aims of the PSI Initiative

- Create voluntary and aspirational global principles, including possible actions, to better understand and manage risks and opportunities in the insurance business associated with environmental, social and governance issues
- Establish a United Nations-backed global initiative to promote the adoption and implementation of the Principles

Founding PSI signatory companies

- Represent about USD 500 billion in gross premiums written or over 10% of world premium volume
- Have combined total assets of over USD 5 trillion

1. Achmea (Netherlands)
2. AEGON (Netherlands)
3. Aviva (UK)
4. AXA (France)
5. Bradesco Seguros (Brazil)
6. Delta Lloyd (Netherlands)
7. ING (Netherlands)
8. Insurance Australia Group (Australia)
9. Interamerican/Hellenic Insurance Group (Greece)
10. Itau Seguros (Brazil)
11. La Banque Postale (France)
12. MAPFRE (Spain)
13. Mitsui Sumitomo Insurance (Japan)
14. Mongeral AEGON (Brazil)
15. Munich Re (Germany)
16. RSA Insurance Group (UK)
17. Sanlam (South Africa)
18. Santam (South Africa)
19. SCOR (France)
20. Sompo Japan Insurance (Japan)
21. Sovereign (New Zealand)
22. Storebrand (Norway)
23. SulAmerica (Brazil)
24. Swiss Re (Switzerland)
25. The Co-operators Group (Canada)
26. Tokio Marine & Nichido Fire Insurance (Japan)
27. Zwitserleven (Netherlands)

Founding PSI supporting institutions

1. Brazilian Insurance Confederation (Brazil)
2. Insurance Association of the Caribbean (Barbados)
3. Insurance Council of Australia (Australia)
4. Insurance Council of New Zealand (New Zealand)
5. International Cooperative & Mutual Insurance Federation (UK)
6. International Insurance Society (US)
7. South African Insurance Association (South Africa)
For specific questions please contact:

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http://www.munichre.com/corporate-responsibility