1. Relevance of Corporate Responsibility

2. Corporate Responsibility @ Munich Re
   - Our strategic approach

3. Corporate Responsibility in Business
   - Principles for Sustainable Insurance (PSI)
   - Framework to integrate ESG aspects

4. Environmental Management

5. Corporate Citizenship
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..."

Higher relevance of Corporate Responsibility (CR) for stakeholders and as competitive advantage

- **Regulation**
  - Increase in national CR reporting legislation (e.g. EU, F, D, UK, NL, S-Africa)
  - Climate regulation on the rise (e.g. UK Carbon Commitment, China, India)

- **Capital market**
  - Increase of SRI investments
  - Increased demand for information, also by mainstream investors

- **Customers**
  - Increased demand for transparency
  - Change in customer behaviour (e.g. LOHAS*)

- **Peers**
  - CR increasingly considered as strategic element & business opportunity
  - Structured approach & central governance boost CR topics

- **Public / NGOs**
  - Increased media attention raises reputational risks and increased demand on ethical standards

*LOHAS = Lifestyle of Health and Sustainability*
Relevance of Socially Responsible Investments (SRI) is increasing – also for Munich Re Group

Development of SRI funds

Positive SRI ratings of Munich Re

Source: vigeo: “Green, Social and Ethical Funds in Europe – 2012 review”, December 2012

Source: GD1.3 Corporate Responsibility @ Munich Re 17.04. 2013

Source: vigeo: “Green, Social and Ethical Funds in Europe – 2012 review”, December 2012
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# International cooperations of Munich Re – a strong commitment towards Corporate Responsibility

## Examples

<table>
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<tr>
<th></th>
<th><strong>UNEP-FI</strong></th>
<th>since 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="UNEP-FI" /></td>
<td>Munich Re has signed the climate declaration of the UNEPFI and is active member of the UNEPFI Climate Change Working Group.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Principles for Responsible Investment (PRI)</strong></th>
<th>since 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="PRI" /></td>
<td>Munich Re has actively developed and signed the UN Principles for Responsible Investment (PRI) as first German company in April 2006.</td>
<td></td>
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</tbody>
</table>

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<tr>
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<th><strong>UN Global Compact</strong></th>
<th>since 2007</th>
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<tbody>
<tr>
<td><img src="image" alt="UN Global Compact" /></td>
<td>Munich Re is member of the UN Global Compact since August 2007. The ten principles of UN Global Compact are a guidance for action in our business and set the basis for our Corporate Responsibility activities.</td>
<td></td>
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<th>since 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="PSI" /></td>
<td>Involvement since 2007, founding signatory in June 2012. Aim: to anchor ESG criteria into core business along the value chain.</td>
<td></td>
</tr>
</tbody>
</table>
Our mission is part of the Munich Re’s core principles

CR Strategy

Mission

Goals

Action Fields

Controlling

Mission, Goals, Action Fields

MR mission:
"CR 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."

We contribute to the ...

... increase in reputation and attractiveness for all stakeholders
... potential early identification of business risks and opportunities
... educated decisions on global risks and problems
... strengthening share price

Overall KPI:
Inclusion in major sustainability indices (DJSI, FTSE4Good) and scoring among the top 50%

1. Strategy & Governance
2. CR in Business
3. Environmental Management System (EMS)
4. Corporate Citizenship (CC)
5. Communication & Reporting

Corporate Responsibility @ Munich Re 17.04.2013 8
5 action fields in 1 group-wide Corporate Responsibility Programme

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<th>Core activities</th>
<th>Enabling Framework</th>
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<td>2. Environmental Management System (EMS)</td>
<td>▪ Integration of CR issues into (re-) insurance business (PSI)²</td>
<td>▪ CR communication (incl. CR portal)</td>
</tr>
<tr>
<td>3. Corporate Citizenship (CC)</td>
<td>▪ Global CO2 neutrality</td>
<td>▪ CR reporting</td>
</tr>
<tr>
<td>4. Operations</td>
<td>▪ Integration of CR issues into asset management (PRI)³</td>
<td>▪ SRI ratings and active dialogue with SRI community</td>
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### Core activities

1. **Environmental Management System (EMS)**
   - Global CO2 neutrality
   - Global EMS policy and management

2. **Corporate Citizenship (CC)**
   - Donations
   - Corporate Volunteering
   - Foundations
   - University Society (LMU Munich)
   - Impact Assessment

### Enabling Framework

1. **Strategy & Governance**
   - CR strategy
   - CR governance
   - Compliance to UN Global Compact

2. **CR in Business**
   - Integration of CR issues into (re-) insurance business (PSI)
   - Integration of CR issues into asset management (PRI)

3. **Reporting & Communication**
   - CR communication (incl. CR portal)
   - CR reporting
   - SRI ratings and active dialogue with SRI community

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

‘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)

- 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

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

ESG across industry sectors

UN Global Compact Principles

ESG across financial sectors
(banking, insurance and investment)

UNEP Finance Initiative Statements

ESG by financial sector

Proposed UN-backed Principles for Sustainable Insurance

Equator Principles

UN-backed Principles for Responsible Investment

Climate change by financial sector

Climate Principles

ClimateWise Principles

Climate Principles

investment framework
The PSI development process in 2011: global, inclusive and consultative

Over 500 insurance industry players and stakeholders
1. We will embed in our decision-making environment, 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.
Global launch of the PSI:
19 June 2012, Rio de Janeiro, Brazil
**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. | Atlanticlux (Luxemburg) |
| 4. | Aviva (UK) |
| 5. | AXA (France) |
| 6. | Bradesco Seguros (Brazil) |
| 7. | Continental Re (Nigeria) |
| 8. | Delta Lloyd (Netherlands) |
| 9. | ING (Netherlands) |
| 10. | Interamerican Hellenic Insurance Group (Greece) |
| 11. | | |
| 12. | Itau Seguros (Brazil) |
| 13. | La Banque Postale (France) |
| 14. | MAPFRE (Spain) |
| 15. | Macif (France) |
| 16. | Mitsui Sumitomo Insurance (Japan) |
| 17. | Mongeral AEGON (Brazil) |
| 18. | Munich Re (Germany) |
| 19. | Porto Seguro (Brazil) |
| 20. | RSA Insurance Group (UK) |
| 21. | Sanlam (South Africa) |
| 22. | Santam (South Africa) |
| 23. | SCOR (France) |
| 24. | Seguradora Lider (Brazil) |
| 25. | Sompo Japan Insurance (Japan) |
| 26. | Sovereign (New Zealand) |
| 27. | Storebrand (Norway) |
| 28. | SulAmerica (Brazil) |
| 29. | Swiss Re (Switzerland) |
| 30. | TAL (Australia) |
| 31. | Terra Brasis Resseguros (Brazil) |
| 32. | The Co-operators Group (Canada) |
| 33. | Tokio Marine & Nichido Fire Insurance (Japan) |
| 34. | Zwitserleven (Netherlands) |

**PSI supporting institutions**

| 1. | Brazilian Insurance Confederation (Brazil) |
| 2. | Cadre d’Actions et de Recherche pour la Démocratisation de l’Assurance (Association CAREDAS) (Senegal) |
| 3. | Finance Norway (Norway) |
| 4. | Financial Services Council of New Zealand (New Zealand) |
| 5. | Insurance Association of the Caribbean (Barbados) |
| 6. | Insurance Council of Australia (Australia) |
| 7. | Insurance Council of New Zealand (New Zealand) |
| 8. | Insurance Institute of India (India) |
| 9. | International Cooperative & Mutual Insurance Federation (United Kingdom) |
| 10. | International Insurance Society (United States) |
| 11. | NCDO (Centre for Global Citizenship) (Netherlands) |
| 12. | Philippine Insurers & Reinsurers Association (Philippines) |
| 13. | South African Insurance Association (South Africa) |
| 14. | University of Cape Town, Centre of Criminology (South Africa) |
Our commitment to the Principles for Sustainable Insurance

1. Sustainable value creation is key to the success of our business models. In this sense, corporate responsibility has been and will always be an integral part of our Group strategy. We put quality before quantity, enabling us to achieve profitable, long-term growth. Therefore we adopted an active role in developing and promoting the Principles for Sustainable Insurance (PSI).

2. Risk identification, risk management and risk mitigation are our core competencies. They provide the basis for our financial strength, enabling us to meet our obligations to clients and create sustained value for our shareholders. We continue to increasingly integrate environmental, social and governance, so called ESG factors into our core business and will therefore use the Principles as a blueprint. In doing so, we can realize new business opportunities, adjust risk management to new factors and actively protect our reputation.

3. The Principles will complement the commitments we have already signed, first and foremost the UN Global Compact and the Principles for Responsible Investment (PRI). By signing the Principles we commit ourselves to enter into an ongoing process of setting ourselves goals and report our progress to our stakeholders.
Corporate Responsibility in Business @ Munich Re: Framework to integrate ESG aspects

Corporate Responsibility Governance

ESG – Sensitive Business Issues

Initiatives across business fields

Reinsurance
Focus on underwriting process and guidelines, client engagement

Munich Health
Focus on primary insurance units and exchange of best practices

ERGO
Focus on sustainable products and sales process, compliance

MEAG
Adherence to PRI (sustainability quota and new reporting format)

Sensitisation

PSI Reporting

PRI Reporting
How ESG issues are factored into business and turned into business solutions

Reinsurance / Munich Health

Climate change
- Nathan Risk Suite
- Agro Systems
- New coverage concepts in the area of renewable energy

Public Private Partnership
- Weather index based insurance

Health
- Managed care & prevention

Desert power
- CO2-free power generation in North Africa

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
- Renewable Energies & New Technologies: investments: €2.5bn planned
- Infrastructure: €1.5bn planned
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**Enabling Framework**

1. Strategy & Governance
   - CR strategy
   - CR governance
   - Compliance to UN Global Compact\(^1\)

2. CR in Business
   - Integration of CR issues into (re-)insurance business (PSI\(^2\))
   - Integration of CR issues into asset management (PRI\(^3\))

**Core activities**

3. Environmental Management System (EMS)
   - Global CO2 neutrality
   - Global EMS policy and management

4. Corporate Citizenship (CC)
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5. Reporting & Communication
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Environmental policy specifies the Munich Re (Group) CR mission

At Munich Re (Group), corporate responsibility is a central aspect of Group strategy. We aim to minimise the impact we have on the environment. To achieve this aim, we pursue Group-wide environmental management\(^1\) and seek to make our business operations carbon-neutral. Corporate responsibility is a central aspect of Group strategy.

Avoiding and reducing emissions
We consistently avoid and reduce emissions wherever possible (from business travel, energy, water, paper and waste). We establish the highest technical standards wherever economically reasonable. We consider environmental principles while choosing materials, suppliers and service providers.

Raising staff awareness
We consistently heighten environmental awareness and responsibility of all staff members and motivate them to actively protect the environment.

Improving performance
We monitor and develop our environmental measures with the aim of continuously improving the environmental performance of our business operations.

Communication with stakeholders
We communicate openly and inform our stakeholders about our environmental activities and environmental performance on a regular basis. We raise awareness and share information on environmental issues where appropriate. Thus we promote a culture of environmental protection.

---

1 – According to ISO 14001.
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. 80% staff covered
- Energy efficiency in buildings and IT: e.g. MR America, MEAG, MRM
- 100% energy from renewables: e.g. premises Munich and Milan
- Purchasing CO₂ certificates

Achieving climate neutrality

- Munich Re (Munich): climate neutral since 2009
- Munich Re Reinsurance Group: carbon neutral since 2012
- Munich Re (Group): 10% CO₂ reduction and climate neutral by 2015
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Corporate citizenship – Responsibility for the community

Focus: natural catastrophes, science & education, environment, demographic change, health, 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
For more information visit our Corporate Responsibility Portal at http://www.munichre.com/corporate-responsibility
Thank you very much for your attention!

Dr. Astrid Zwick
Corporate Responsibility – Munich Re