



# Corporate Responsibility @ Munich Re

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Corporate Responsibility - Munich Re

17 April 2013

## **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



## 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..."

*(World Business Council for Sustainable Development, 2000)*

# 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

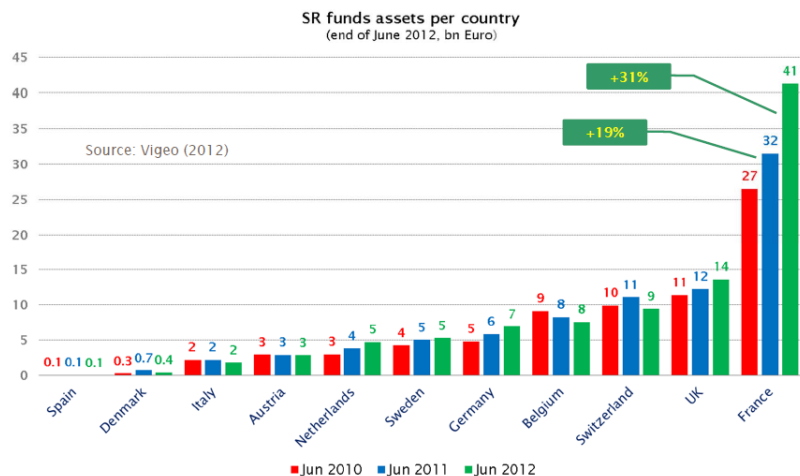
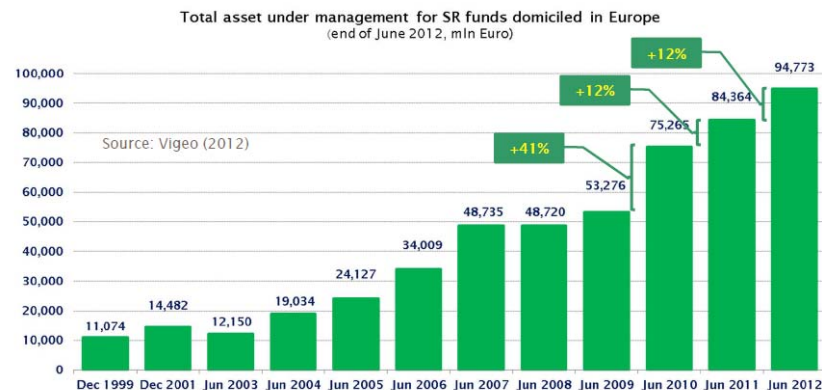
- Increased media attention raises reputational risks and increased demand on ethical standards





# Relevance of Socially Responsible Investments (SRI) is increasing – also for Munich Re Group

## Development of SRI funds



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

## Positive SRI ratings of Munich Re



FTSE4Good



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# International cooperations of Munich Re – a strong commitment towards Corporate Responsibility

## Examples



since 1999

### UNEP-FI

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



since 2006

### 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.



since 2007

### UN Global Compact

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.



since 2012

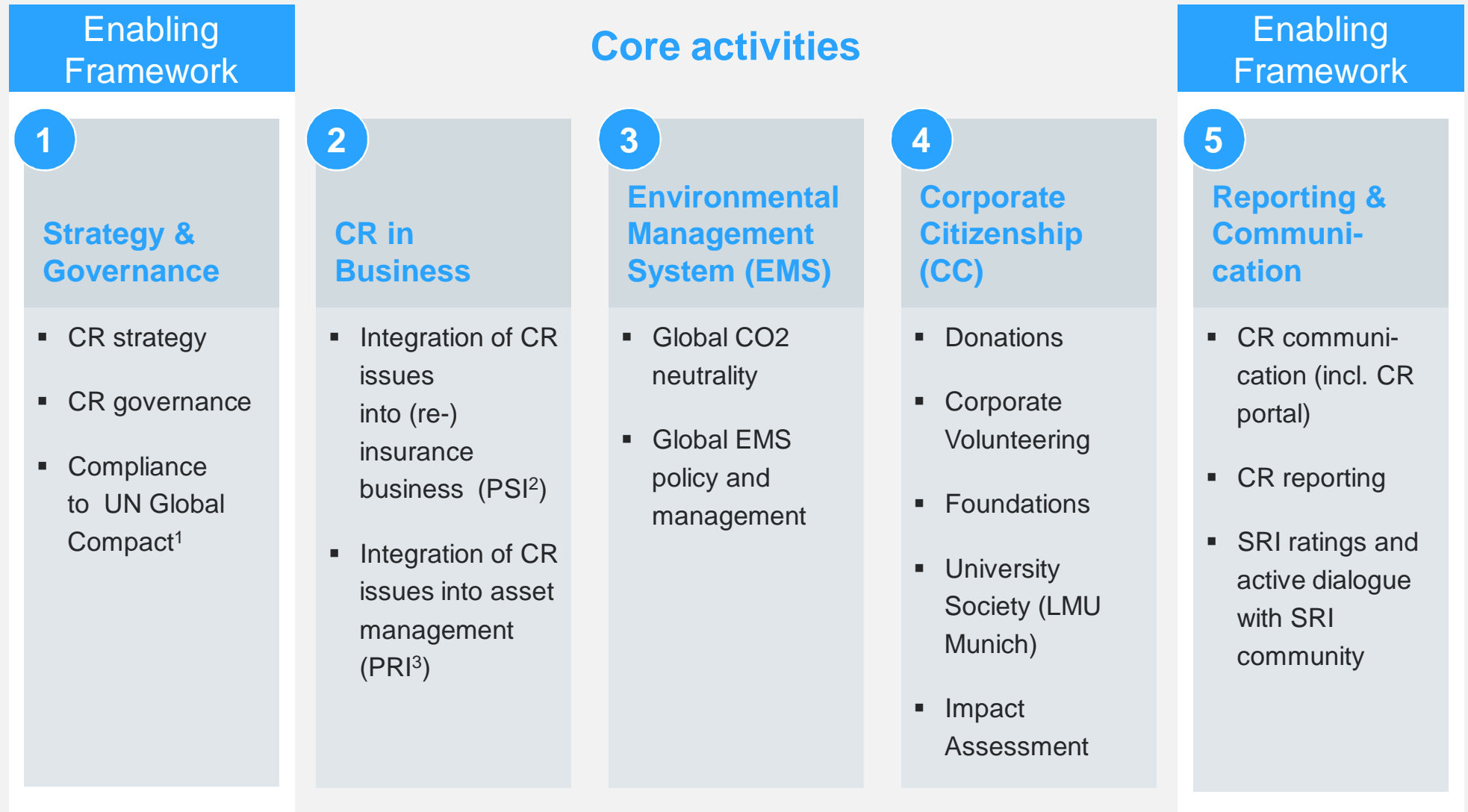
### Principles for Sustainable Insurance (PSI)

Involvement since 2007, founding signatory in June 2012.  
Aim: to anchor ESG criteria into core business along the value chain.





# 5 action fields in 1 group-wide Corporate Responsibility Programme



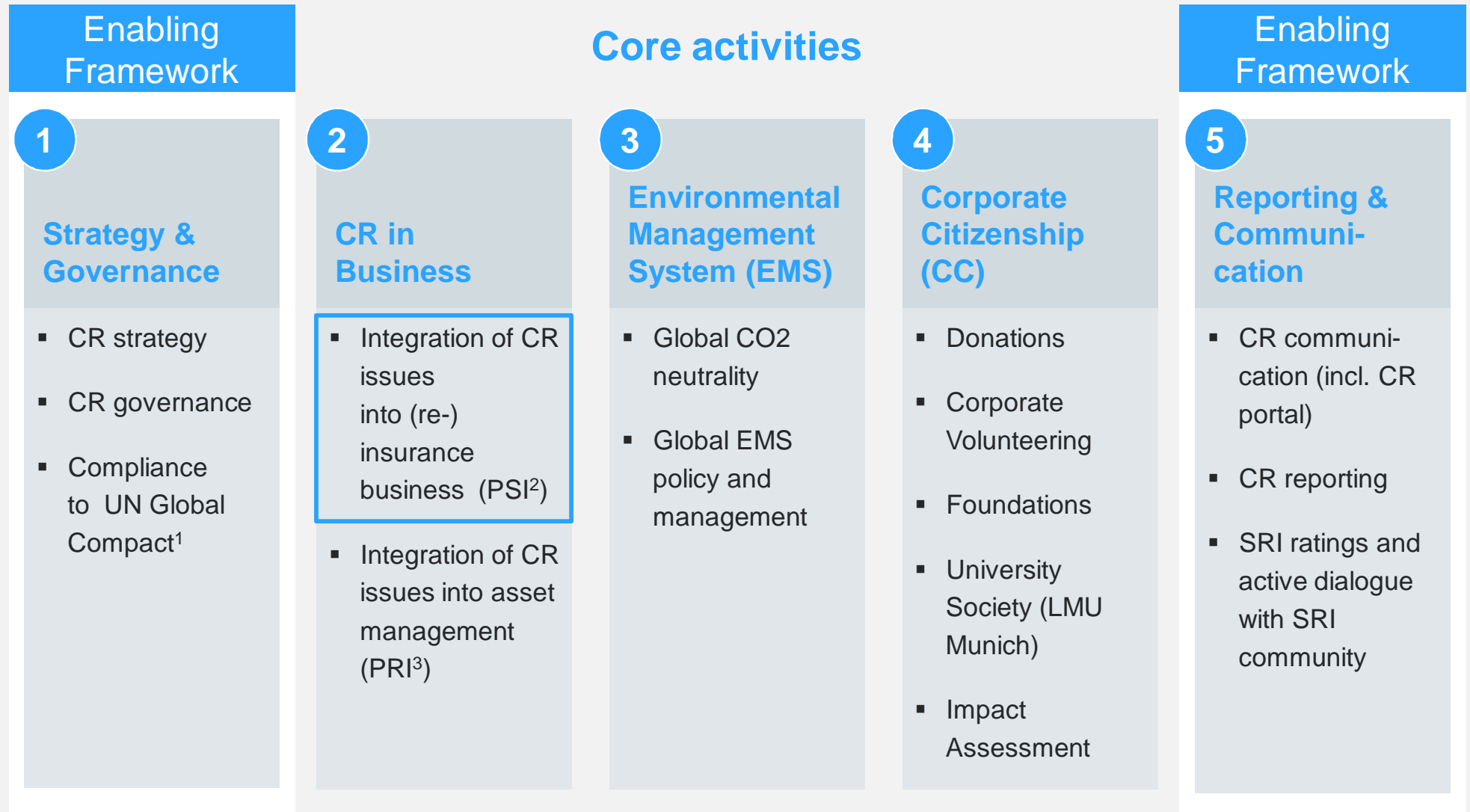
<sup>1</sup> UNGC = United Nations Global Compact (adopted by Munich Re in 2007)

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# 5 action fields in 1 group-wide Corporate Responsibility Programme

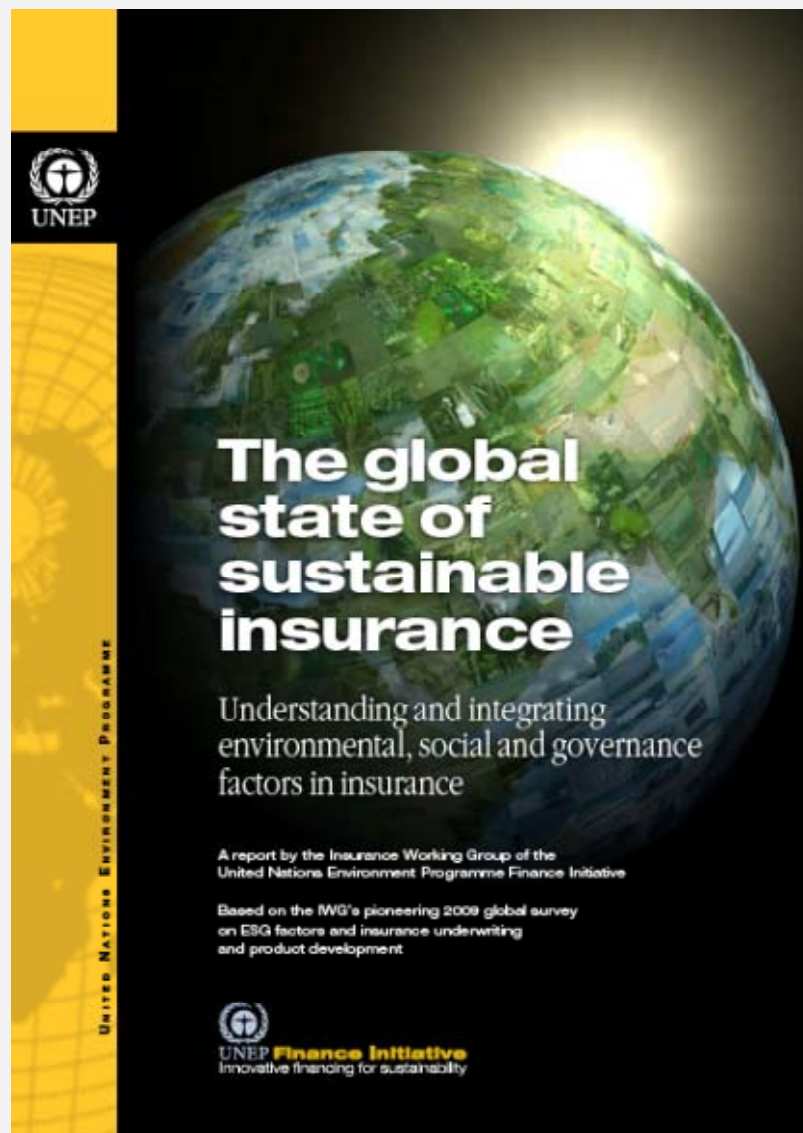


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# Global survey of practitioners supports relevance of Environment – Social – Governance (ESG) factors



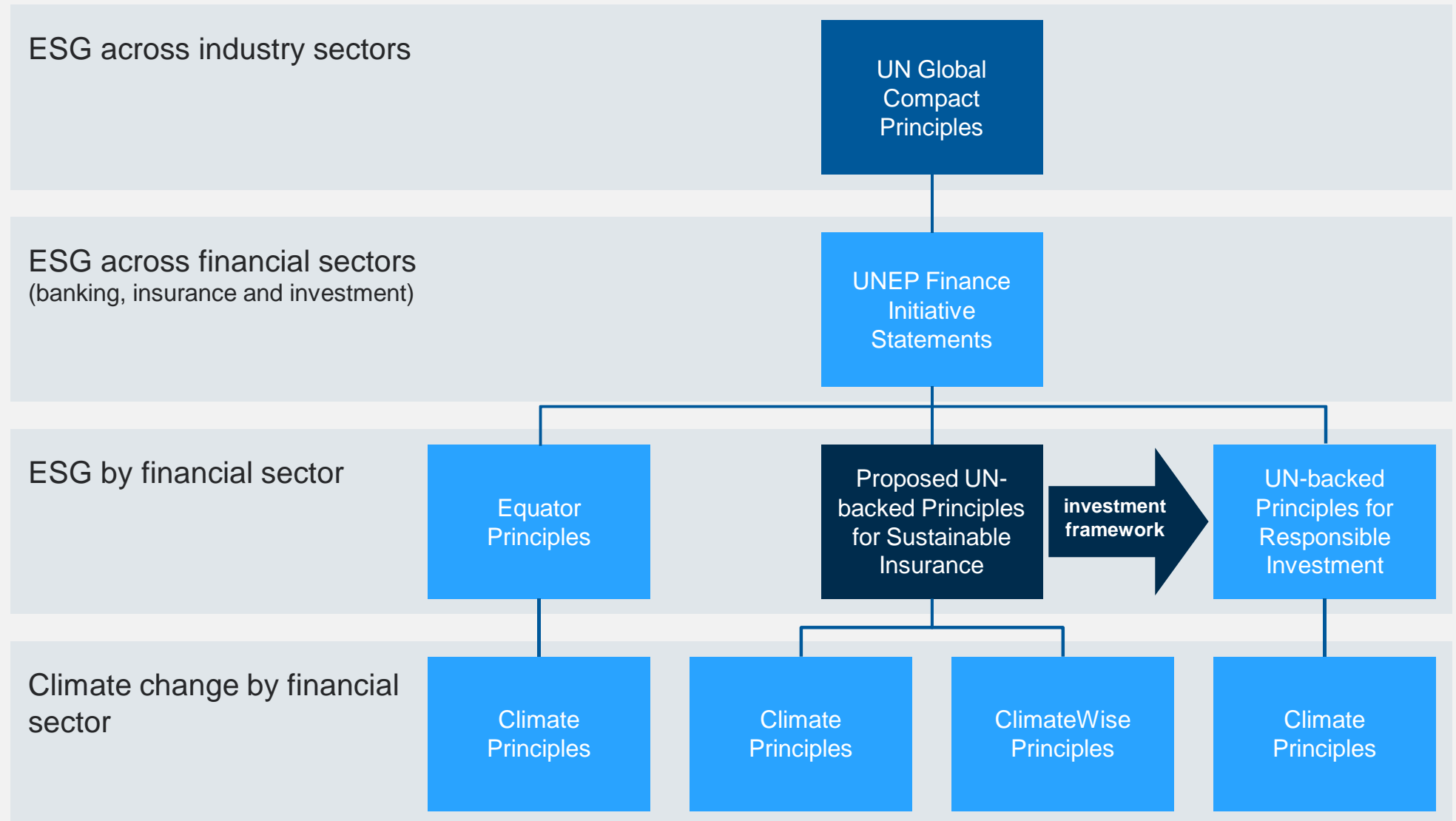
*‘Companies that have strong policies on **ESG** are generally better managed in all aspects of their operations including their **risk management culture**.’ – Director, Risk Management (Europe)*

*‘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)*

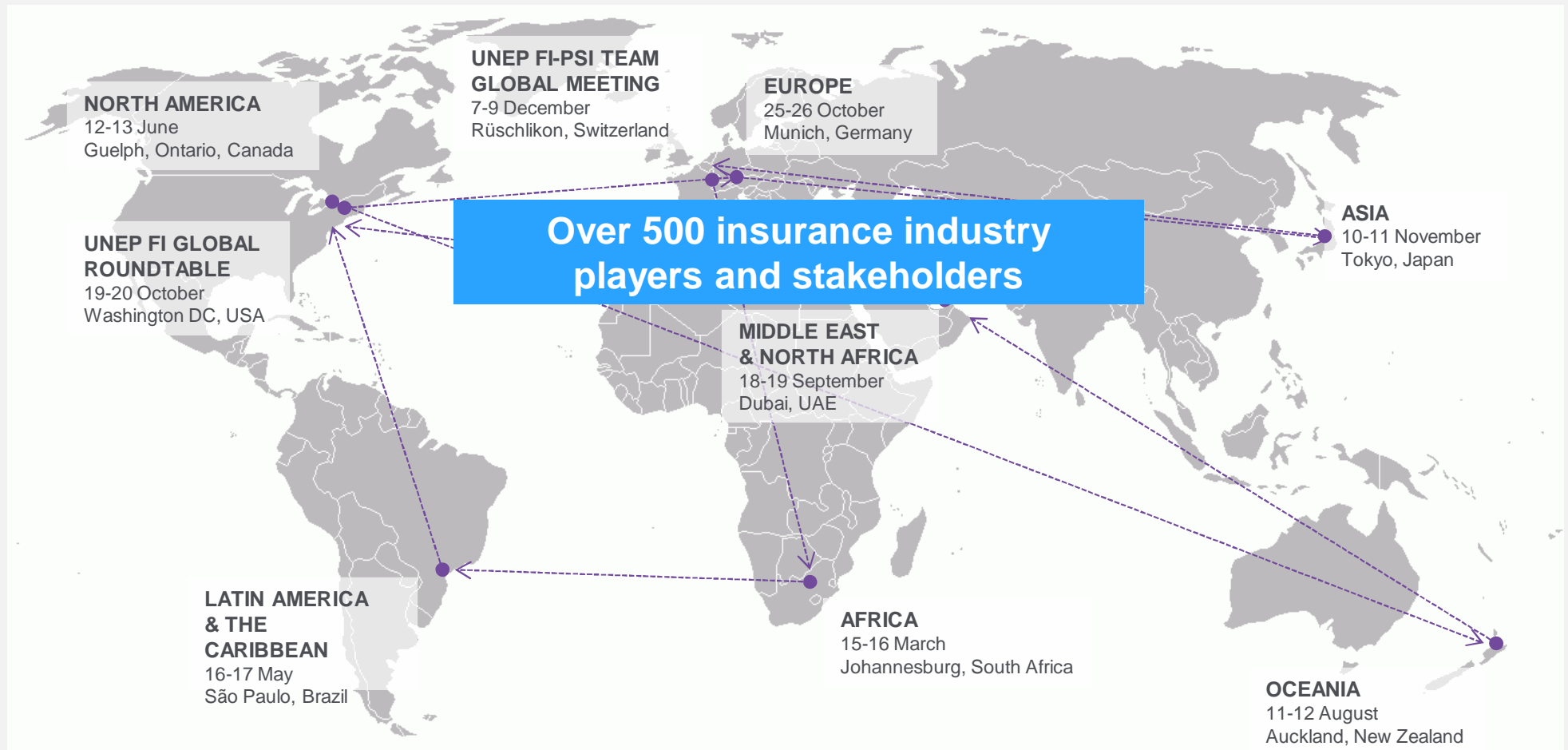
- **ESG** topics are financially material
- Governments are not addressing **ESG** risks appropriately
- **ESG** Management increases corporate value through enhanced risk management and new business opportunities

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





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



# Principles for Sustainable Insurance (PSI) – voluntary and aspirational



**PSI**

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

# 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)                             | 12. Itau Seguros (Brazil)             | 24. Seguradora Lider (Brazil)                     |
| 2. AEGON (Netherlands)                              | 13. La Banque Postale (France)        | 25. Sompo Japan Insurance (Japan)                 |
| 3. Atlanticlux (Luxemburg)                          | 14. MAPFRE (Spain)                    | 26. Sovereign (New Zealand)                       |
| 4. Aviva (UK)                                       | 15. Macif (France)                    | 27. Storebrand (Norway)                           |
| 5. AXA (France)                                     | 16. Mitsui Sumitomo Insurance (Japan) | 28. SulAmerica (Brazil)                           |
| 6. Bradesco Seguros (Brazil)                        | 17. Mongeral AEGON (Brazil)           | 29. Swiss Re (Switzerland)                        |
| 7. Continental Re (Nigeria)                         | 18. Munich Re (Germany)               | 30. TAL (Australia)                               |
| 8. Delta Lloyd (Netherlands)                        | 19. Porto Seguro (Brazil)             | 31. Terra Brasis Resseguros (Brazil)              |
| 9. ING (Netherlands)                                | 20. RSA Insurance Group (UK)          | 32. The Co-operators Group (Canada)               |
| 10. Insurance Australia Group (Australia)           | 21. Sanlam (South Africa)             | 33. Tokio Marine & Nichido Fire Insurance (Japan) |
| 11. Interamerican Hellenic Insurance Group (Greece) | 22. Santam (South Africa)             | 34. Zwitserleven (Netherlands)                    |
|   | 23. SCOR (France)                     |   |

## PSI supporting institutions

- |   |   |
|---|---|
| 1. Brazilian Insurance Confederation (Brazil)   | 8. Insurance Institute of India (India)                                     |
| 2. Cadre d'Actions et de Recherche pour la Démocratisation de l'Assurance (Association CAREDAS) (Senegal) | 9. International Cooperative & Mutual Insurance Federation (United Kingdom) |
| 3. Finance Norway (Norway)  | 10. International Insurance Society (United States)                         |
| 4. Financial Services Council of New Zealand (New Zealand)  | 11. NCDO (Centre for Global Citizenship) (Netherlands)                      |
| 5. Insurance Association of the Caribbean (Barbados)  | 12. Philippine Insurers & Reinsurers Association (Philippines)              |
| 6. Insurance Council of Australia (Australia)   | 13. South African Insurance Association (South Africa)                      |
| 7. Insurance Council of New Zealand (New Zealand)   | 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 in Business @ Munich Re: Our solutions for global challenges

## 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

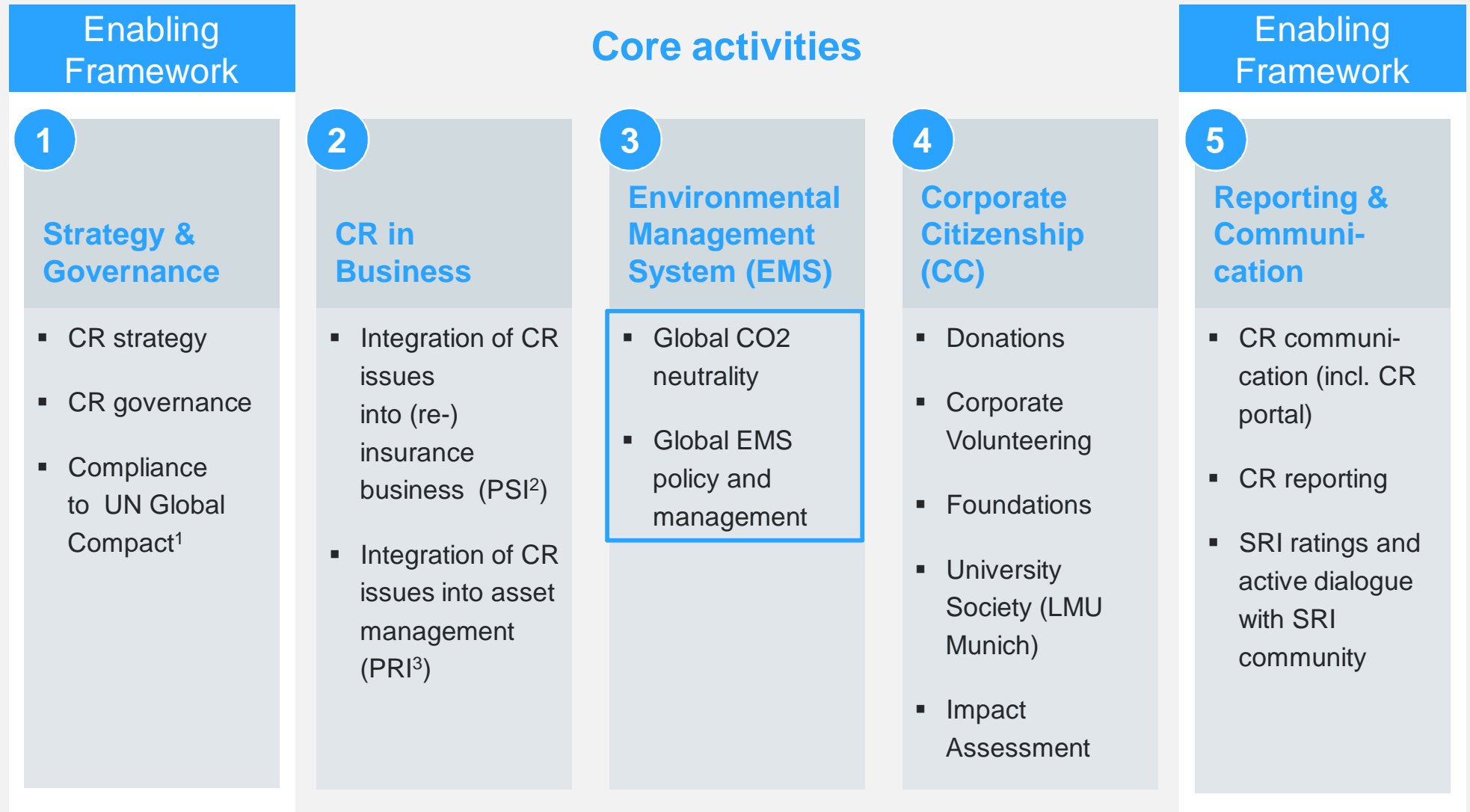
- 80% of investments in shares, corporate and government bonds in accordance with sustainability criteria
- MEAG SRI funds

#### RENT & Infrastructure

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

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# 5 action fields in 1 group-wide Corporate Responsibility Programme



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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<sup>1</sup> and seek to make our business operations carbon-neutral*

CR mission, as ratified by the Strategy Committee in March 2011 and stated on the website (<http://www.munichre.com/corporate-responsibility/en/strategy-challenges/guiding-concept-and-mission/default.aspx>)

## 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

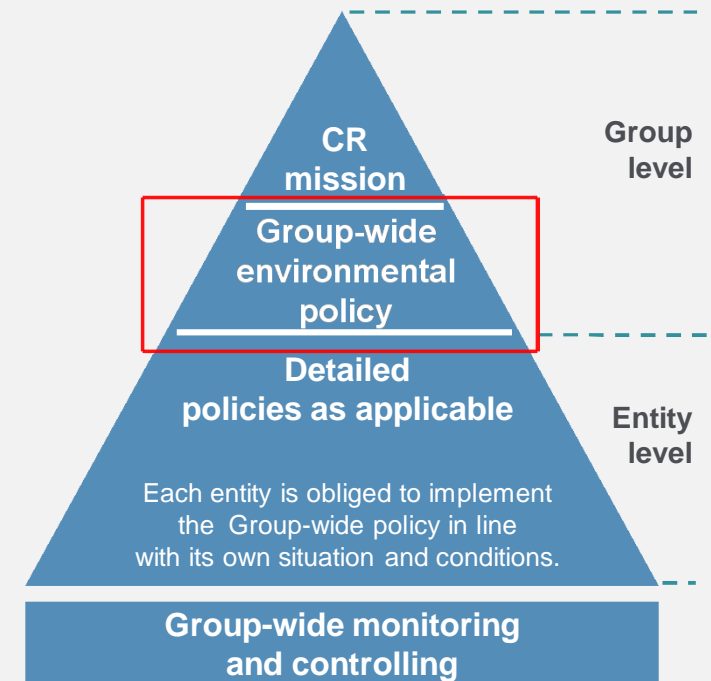
We consistently heighten environmental awareness and responsibility of all staff members and motivate them to actively protect the environment.

## 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

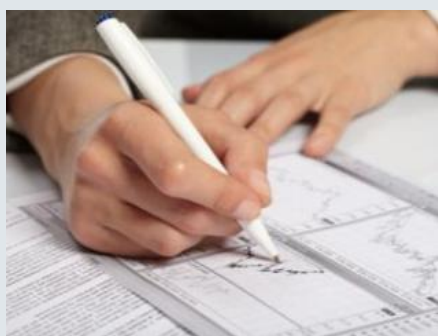
We communicate openly and inform our stakeholders about our environmental activities and environmental performance on a regular basis. We raise awareness and share information on environmental issues where appropriate. Thus we promote a culture of environmental protection.





# Climate neutrality based on environmental management and CO<sub>2</sub> emission reductions

## Our steps to climate neutrality



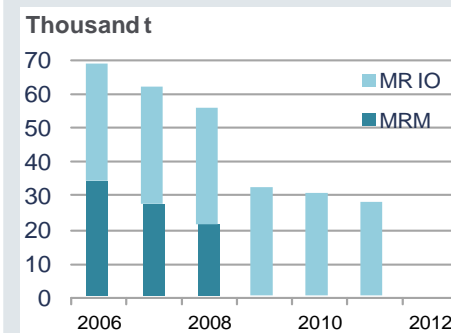
Group environmental management with 30% of sites certified and approx. 80% staff covered



Energy efficiency in buildings and IT:  
e.g. MR America, MEAG, MRM



100% energy from renewables:  
e.g. premises Munich and Milan



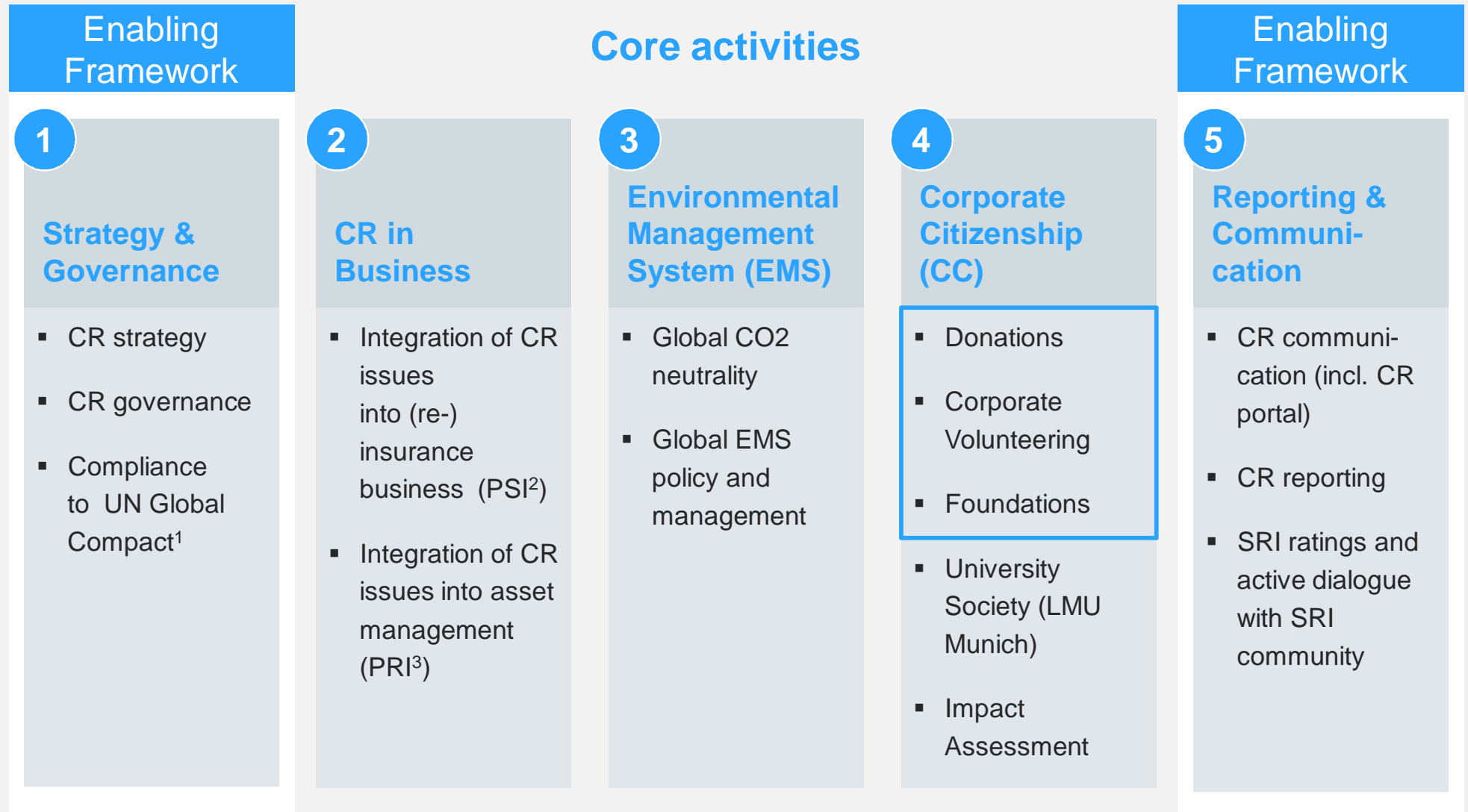
Purchasing CO<sub>2</sub> certificates

## Achieving climate neutrality

- Munich Re (Munich): climate neutral since 2009
- Munich Re Reinsurance Group: carbon neutral since 2012
- Munich Re (Group): 10% CO<sub>2</sub> 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

## Munich Re's foundations



**Munich Re  
Foundation**  
From Knowledge  
to Action

**ERGO Stiftung**  
**Jugend & Zukunft**



**Schinzler Foundation**  
Taking responsibility together

For more information visit our  
Corporate Responsibility Portal at ...

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

MUNICH RE > STRATEGY AND CHALLENGES MANAGEMENT SOLUTIONS COMMITMENT FACTS AND FIGURES

## SOLUTIONS

Munich Re's products and services reconcile the requirements of the environment and society – and give our clients the security they need. » more

1 2 3 4 5

### Corporate Responsibility in Figures

11

For 11 years Munich Re has been continuously listed in Dow Jones Sustainability Index.

» more

### STATEMENT BY THE CEO



#### EARNING TRUST

It has always been Munich Re's aim to adopt a forward-looking and responsible approach. Corporate responsibility is and will remain an integral part of Munich Re's Group strategy.  
» Nikolaus von Bomhard, Chairman of the Board of Management

### GUIDING CONCEPT AND MISSION

### CURRENT NEWS

21.03.2013

New UNEP magazine with input from Munich Re

24.01.2013

Munich Re – reaching Silver Class at RobecoSAM

17.01.2013

Munich Re's CEO, Nikolaus von Bomhard honored by St. John's University's School of Risk Management as "2012 Insurance Leader of the Year"

### Quick Links

- » Statement by the CEO
- » Guiding concept and mission
- » Sustainable investments
- » Responsibility towards staff
- » Foundations
- » Performance indicators

### Service links

- » About Munich Re
- » About the CR portal
- » CR portal ERGO
- » Contact
- » Funding guidelines (PDF, 418 KB)
- » Downloads





Thank you very much for your attention!

Dr. Astrid Zwick  
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