



Corporate responsibility in (re)insurance business

April 2014

Astrid Zwick, Head of Corporate Responsibility

Munich Re's international cooperation – A strong commitment towards corporate responsibility

Examples



since 1999

UNEP FI

Munich Re has signed the climate declaration of the UNEP FI and is active member of the UNEP FI 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 Global Compact are a guidance for action in our business and set the basis for our Corporate Responsibility activities.



since 2012

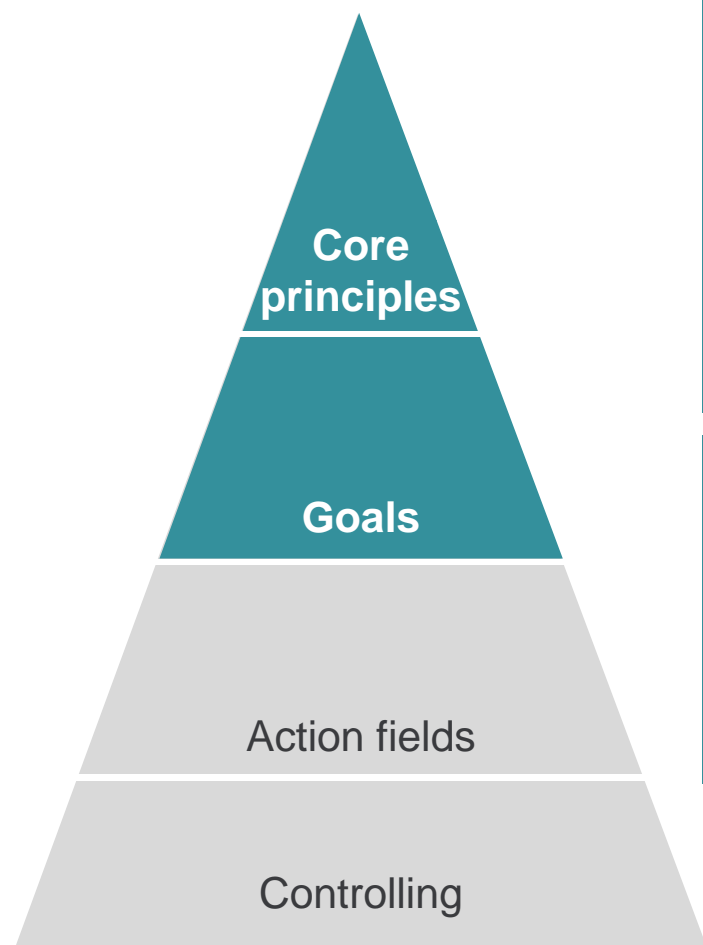
Principles for Sustainable Insurance (PSI)

Involvement since 2007, first holding the chair in the UNEP FI – PSI Team, now active as member of the PSI Board, as well as founding signatory since June 2012.

Aim: to anchor ESG criteria into core business along the value chain.

The core principles of Munich Re include our responsible approach and are detailed in our CR Strategy

Corporate responsibility (CR)



Core principles and goals

Core principles

CR is an integral part of our corporate strategy and relevant for all business areas and operations:

- We actively incorporate ecological, social and ethical aspects in our insurance business and asset management.
- We pursue active environmental management at our locations and aim to achieve climate neutrality.
- Munich Re fulfils its responsibility as a member of society (corporate citizen) through involvement in issues closely related to its core business and, at its locations, in social and cultural areas.

Goals

We contribute to ...

- ... an increase in reputation and attractiveness for all stakeholders;
- ... potential early identification of business risks and opportunities;
- ... educated decisions on global risks and problems;
- ... a strengthening of Munich Re's share price.

Overall KPI:

Inclusion in major sustainability indices and scoring among the top 50%

Five action fields in one Group-wide CR programme

Enabling Framework

Core activities

Enabling Framework

1

Strategy & Governance

- Corporate responsibility strategy
- Corporate responsibility governance
- Compliance to UN Global Compact¹

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

- Global CO₂ neutrality
- Global Environmental Management System policy and management

4

Corporate Citizenship

- Donations
- Corporate Volunteering
- Foundations
- Impact Assessment

5

Reporting & Communication

- Annual update of corporate responsibility portal
- Global corporate responsibility reporting
- Position in major SRI ratings

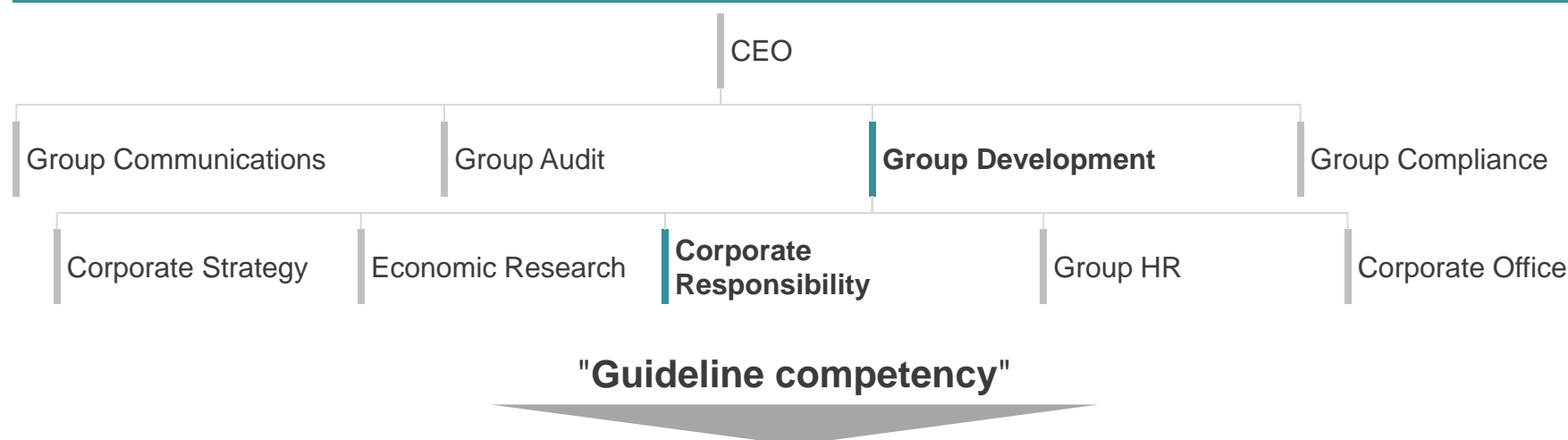
¹ UNGC = United Nations Global Compact (adopted by Munich Re in 2007).

² PSI = UN Principles for Sustainable Insurance (signed by Munich Re in 2012).

³ PRI = UN Principles for Responsible Investment (signed by Munich Re in 2006).

The Corporate Responsibility department is a central function at Munich Re

Structure



Business units implement strategy at local level with CR departments/coordinators, environmental managers, etc.

CR is a central function located in Group Development which directly reports to the CEO

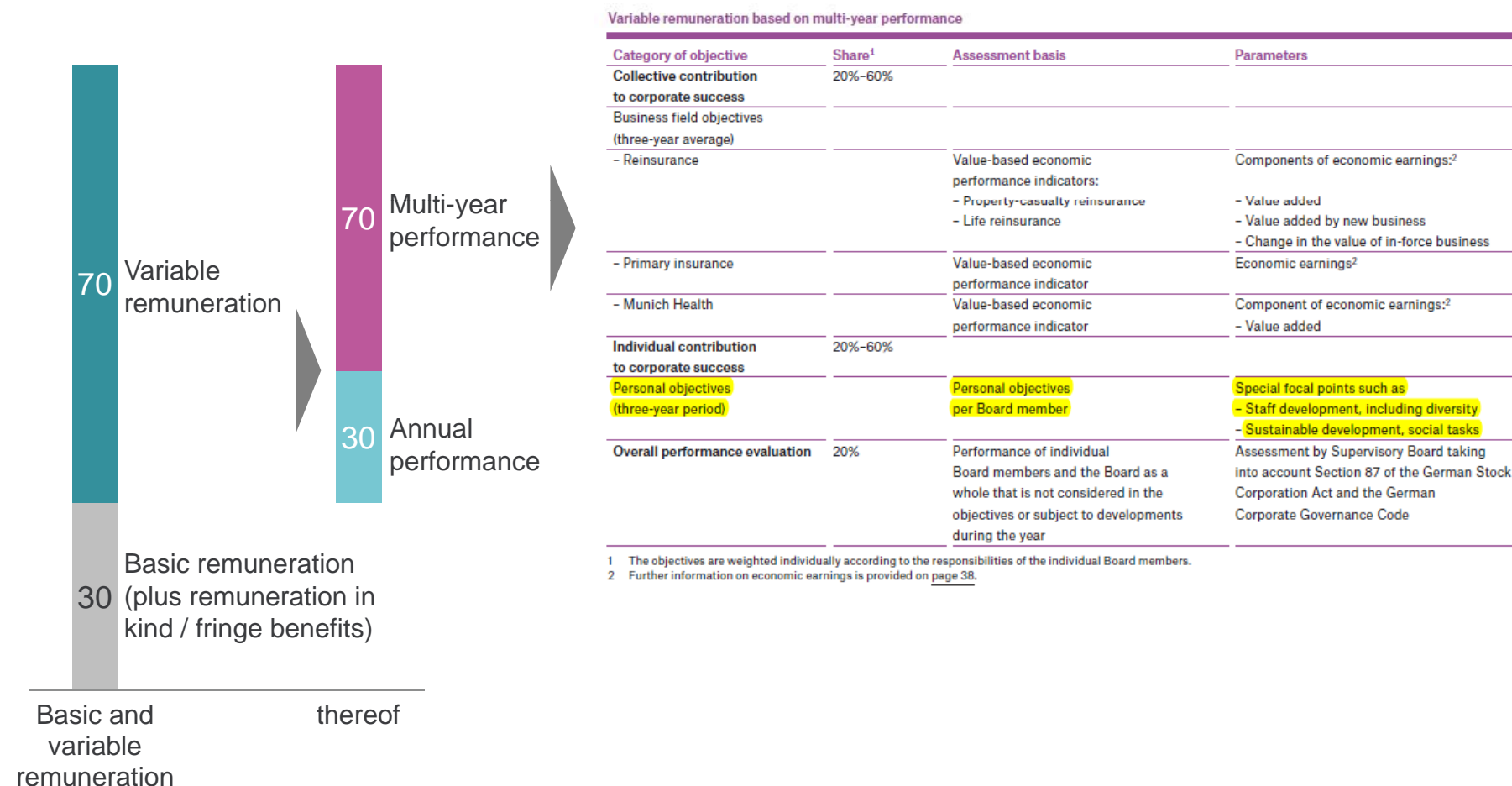
CR triggers, monitors, controls, enables and manages Group-wide CR-related tasks

New Group Corporate Responsibility Committee (GCRC) as panel to monitor CR strategy and as Group Task Force for sensitive business issues

Sustainable development as special focal point in the variable remuneration based on multi-year performance

Structure of the remuneration system for the Board of Management

%



Corporate responsibility goals are part of the three-year performance of all Board Members

Three-years CR objectives of Board Members

Group environmental management objectives 2012–2014

- Standards to purchase Group-wide CO₂ certificates
- CO₂ emission reduction of 10 % per employee by 2015
- Environmental management system covering at least 75% of all employees by 2014

Group Corporate Responsibility in business objectives 2012–2014

- Inclusion in major SRI ratings
- Development and implementation of integration of ESG¹ aspects in core business
- Fulfillment of the CR commitments (UN Global Compact, PRI, PSI)

The objectives are broken down into:



Munich Re business fields and central divisions

¹ ESG = Environmental social and governance.

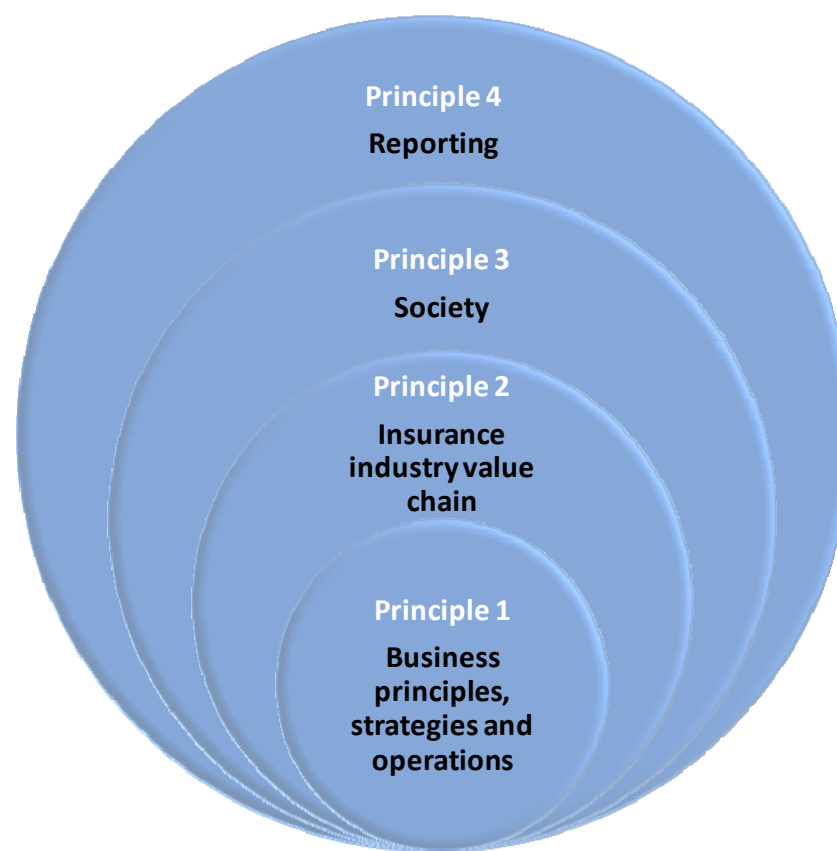
Principles for Sustainable Insurance (PSI) – A voluntary and aspirational global framework for the insurance industry

Principles for Sustainable Insurance

1. Embed ESG in decision-making along the value chain
2. Work together with clients and business partners to raise awareness, reduce risk and develop solutions
3. Engage with governments, regulators and other key stakeholders
4. Demonstrate accountability and transparency



PSI
Principles for Sustainable Insurance



Growth in PSI membership (June 2012 to March 2014)

Gross premiums written

About USD 500 billion or
10% of 2011 world
premium volume

Total assets under management

About USD 5 trillion

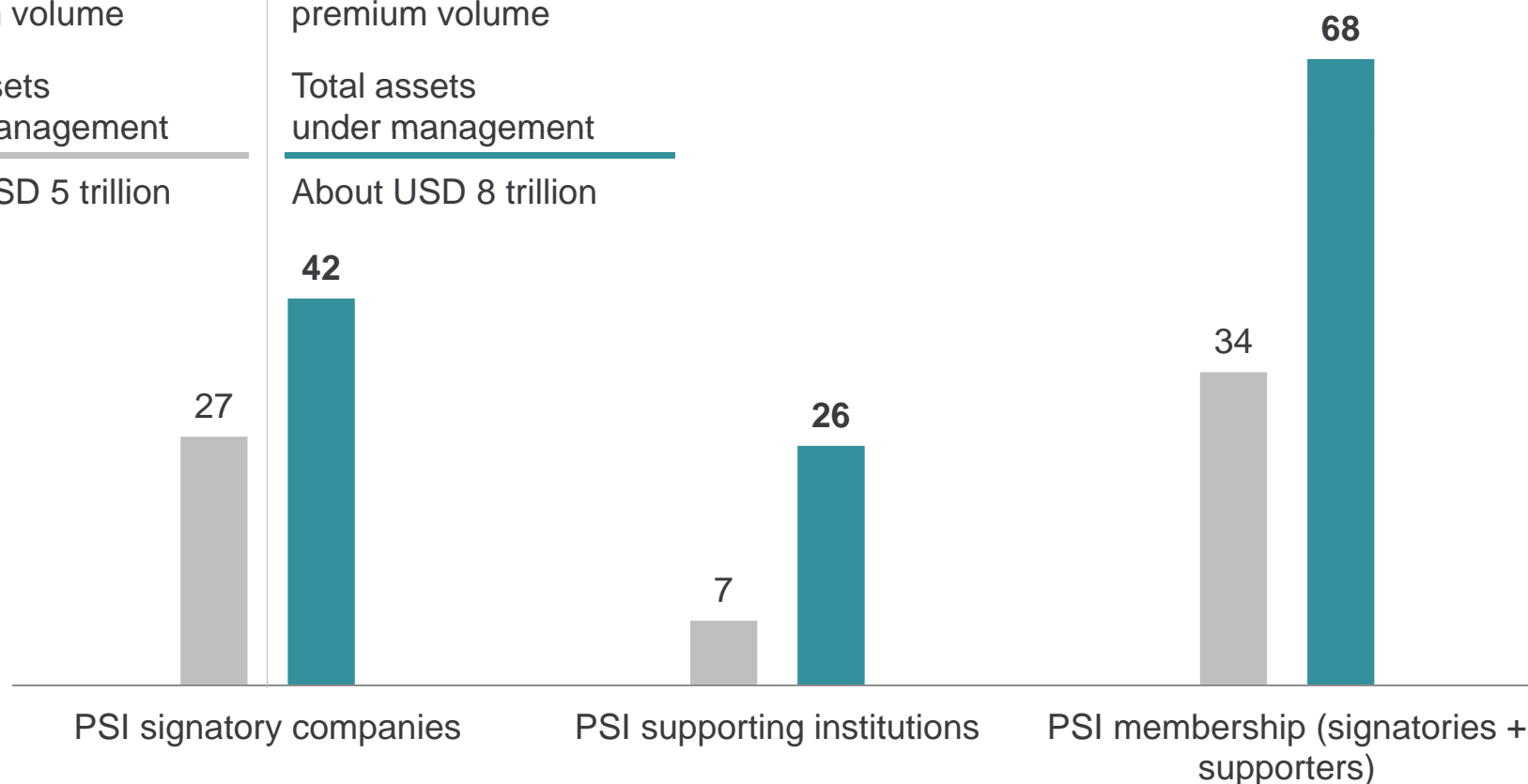
Gross premiums written

About USD 660 billion or
15% of 2012 world
premium volume

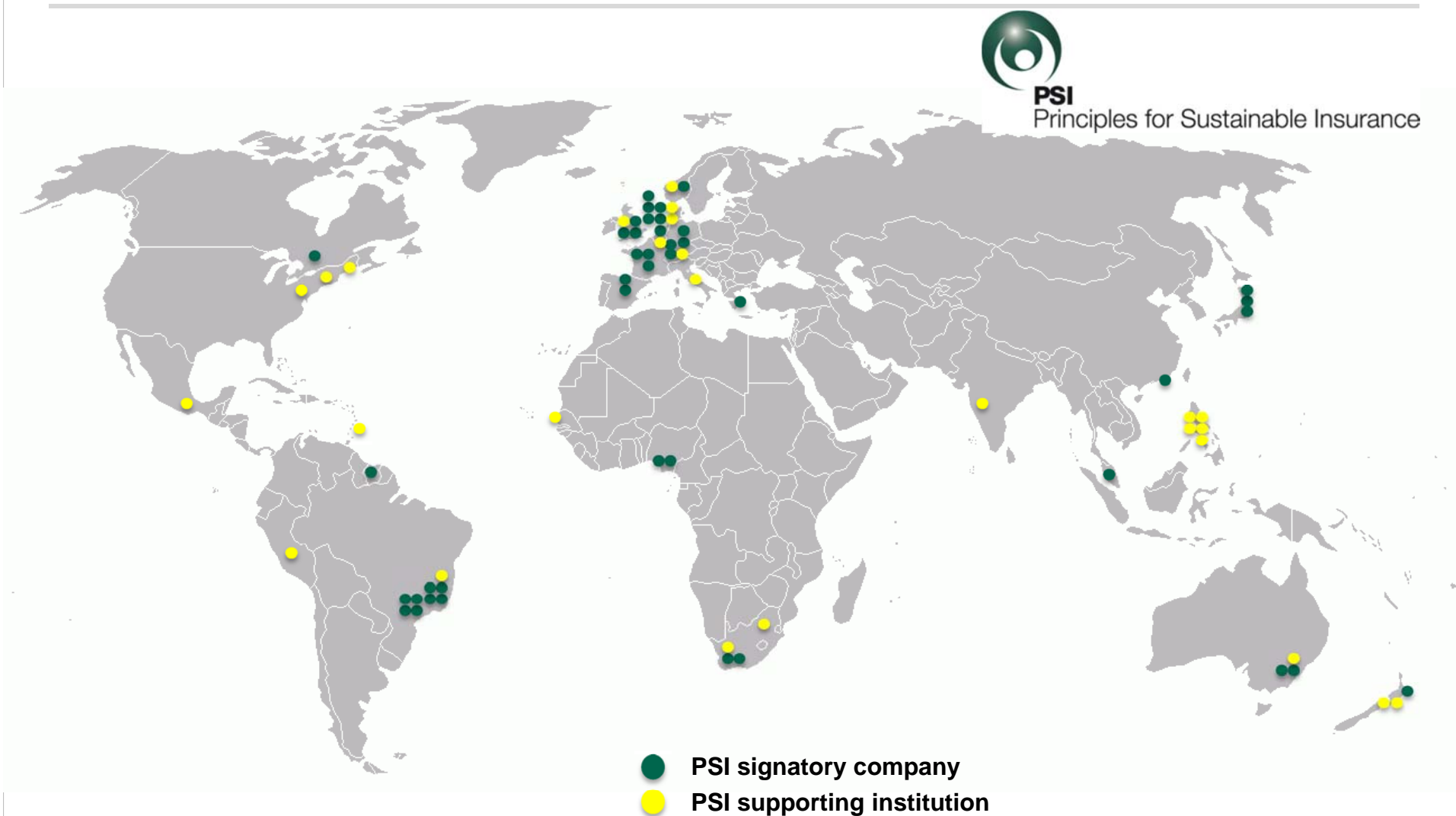
Total assets under management

About USD 8 trillion

■ Jun-12 ■ Mar-14



PSI membership by country of domicile



PSI signatory companies (country of domicile)

Founding signatories

1. Achmea (Netherlands)
2. AEGON (Netherlands)
3. Aviva (United Kingdom)
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 (United Kingdom)

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)

Signatories after PSI launch in June 2012

1. Allianz (Germany)
2. AmGeneral Insurance (Malaysia)
3. ASR Nederland (NL)
4. Atlanticlux (Luxembourg)
5. Banco Santander (Spain)
6. Continental Re (Nigeria)
7. Custodian & Allied (Nigeria)
8. FATUM Schadeverzekering (Suriname)
9. Grupo Segurador Banco do Brasil e MAPFRE (Brazil)
10. HSBC Insurance (UK)
11. Peak Re (China)
12. Porto Seguro (Brazil)
13. Seguradora Lider (Brazil)
14. TAL (Australia)
15. Terra Brasis Resseguros (Brazil)

PSI supporting institutions (country of domicile)

Founding supporters

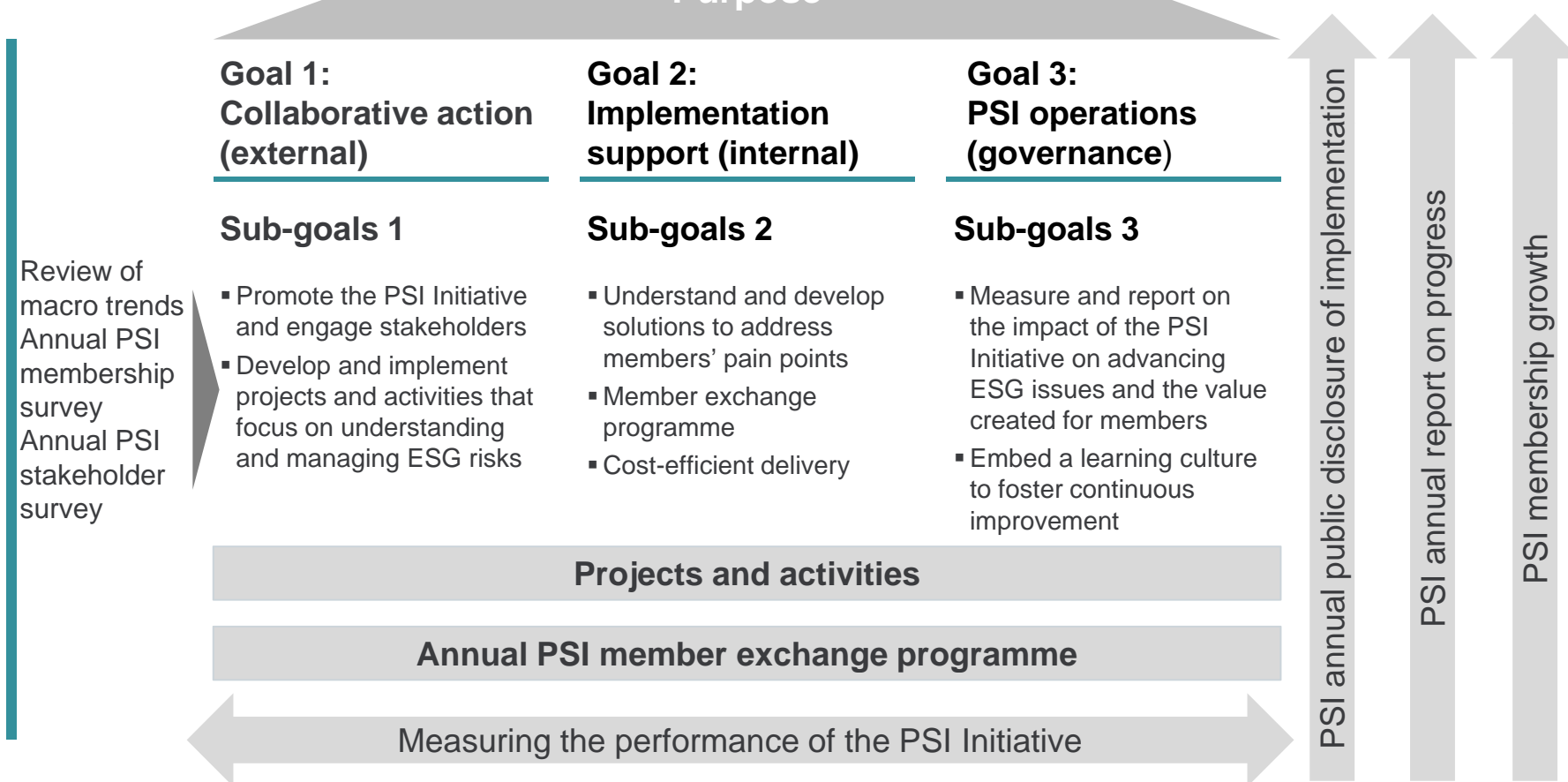
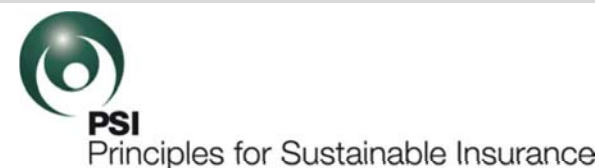
- | | |
|---|---|
| 1. Brazilian Insurance Confederation (CNseg) (Brazil) | 5. International Cooperative & Mutual Insurance Federation (United Kingdom) |
| 2. Insurance Association of the Caribbean (Barbados) | 6. International Insurance Society (United States) |
| 3. Insurance Council of Australia (Australia) | 7. South African Insurance Association (South Africa) |
| 4. Insurance Council of New Zealand (New Zealand) | |

Supporters after the PSI launch in June 2012

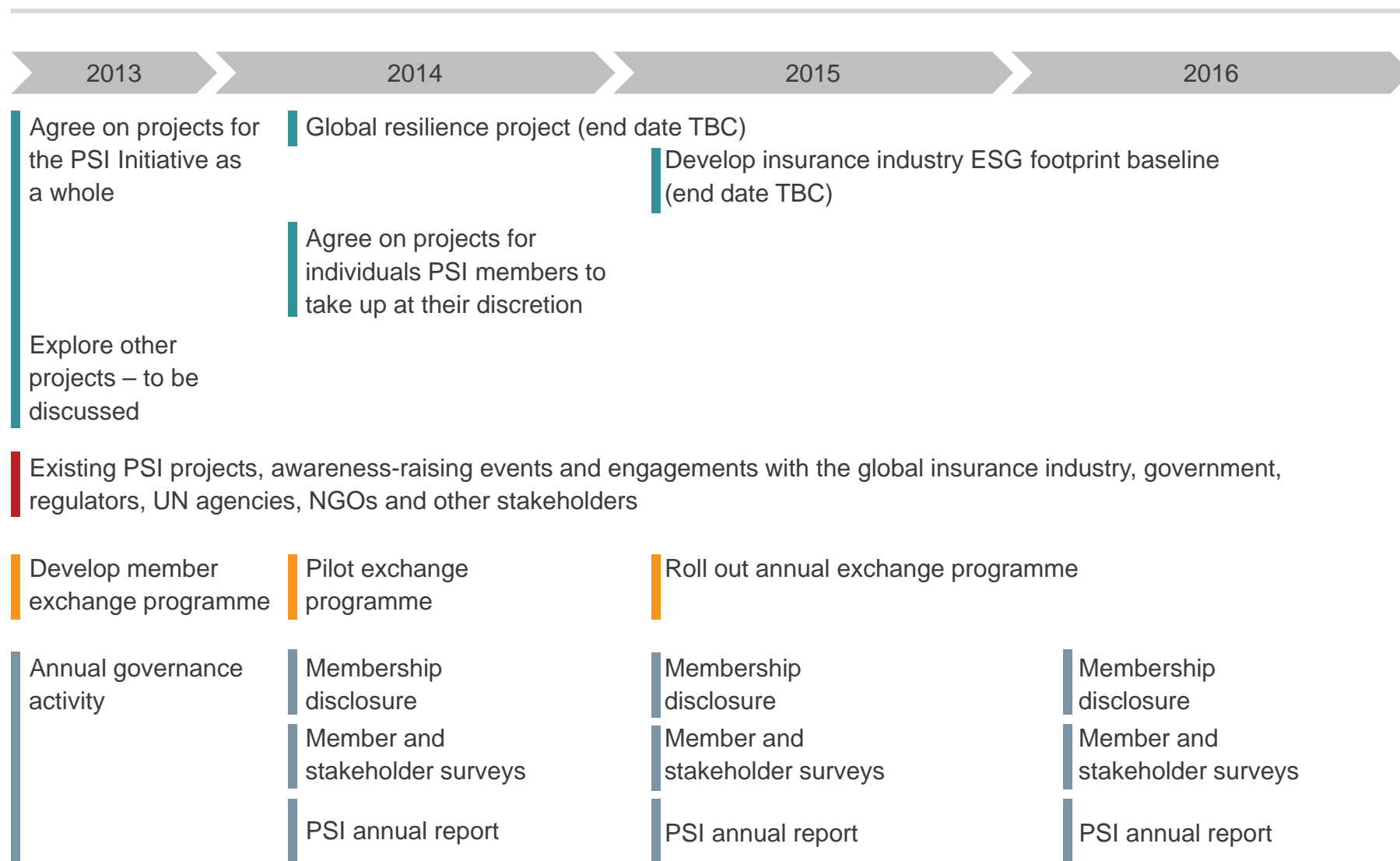
- | | |
|---|--|
| 1. Association of Insurers & Reinsurers of Developing Countries (Philippines) | 11. Insurance Institute of India (India) |
| 2. Cadre d'Actions et de Recherche pour la Démocratisation de l'Assurance (Association CAREDAS) (Senegal) | 12. Interamerican Federation of Insurance Companies (FIDES) (Peru) |
| 3. Ceres (United States) | 13. International Finance Corporation (United States) |
| 4. Dutch Association of Insurers (Netherlands) | 14. Italian Banking, Insurance & Finance Federation (FEBAF) (Italy) |
| 5. Environment & Security Initiative (Switzerland) | 15. Mexican Association of Insurance Institutions (Mexico) |
| 6. Finance Norway (Norway) | 16. National Committee on International Cooperation & Sustainable Development (NCDO) (Netherlands) |
| 7. Financial Services Council of New Zealand (NZ) | 17. Philippine Insurers & Reinsurers Association (Philippines) |
| 8. Global Organizational Learning & Development Network for Sustainability (Belgium) | 18. Philippine Life Insurance Association (Philippines) |
| 9. Insurance Commission of the Philippines (Philippines) | 19. University of Cape Town, Centre of Criminology (South Africa) |
| 10. Insurance Institute for Asia & the Pacific (Philippines) | |

The PSI strategy for 2014-16

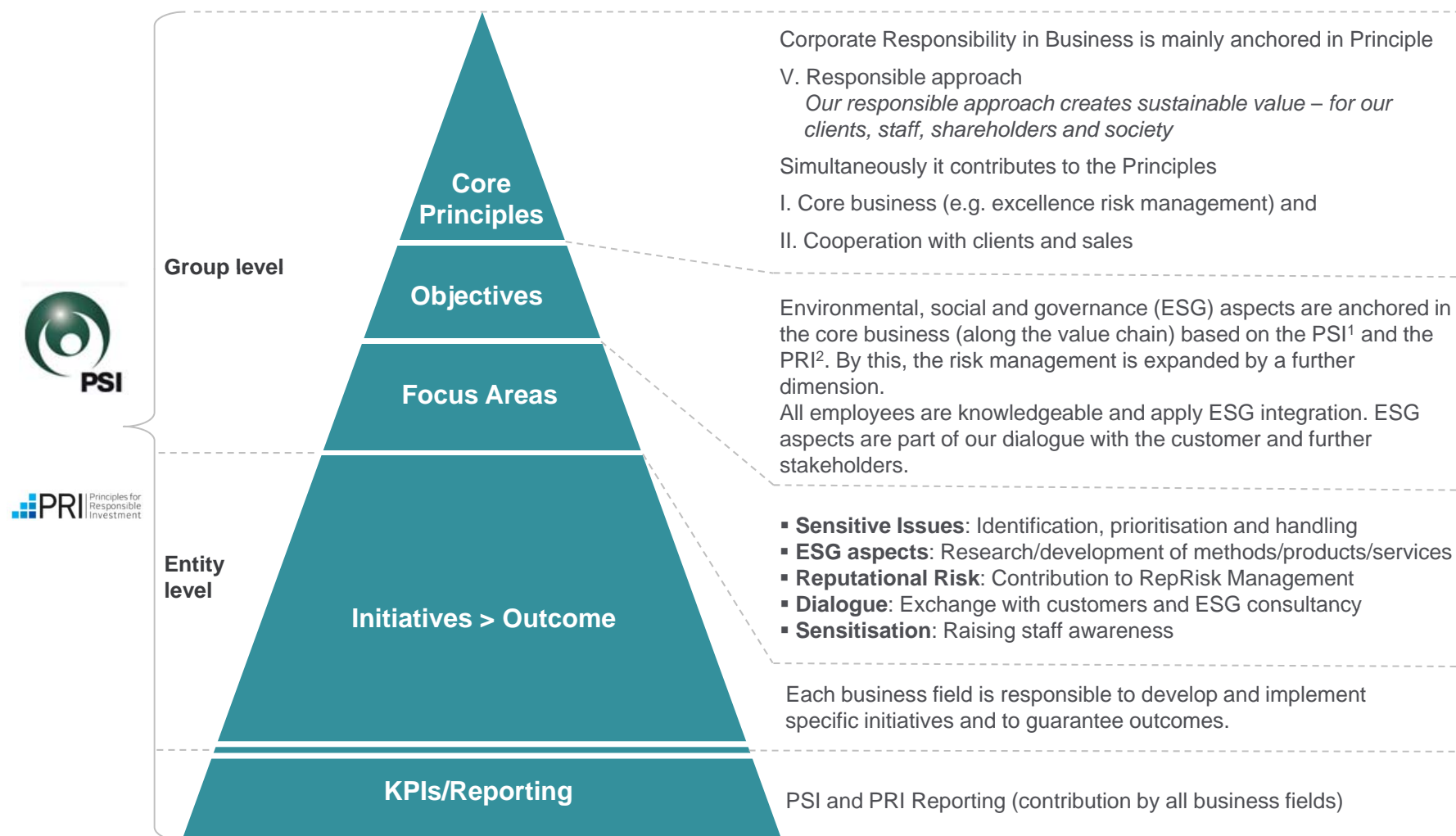
Moving from aspiration to transformation



Timeline of projects and activities (2014–16)



Strategy corporate responsibility in business



¹ PSI = UN Principles for Sustainable Insurance (signed by Munich Re in 2012)

² PRI = UN Principles for Responsible Investment (signed by Munich Re in 2006)

Corporate responsibility in business @ Munich Re

Framework to integrate ESG aspects

Corporate responsibility governance

ESG – Sensitive business issues

Initiatives across business fields and investments

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, sales and underwriting process, compliance

MEAG

Adherence to PRI (sustainability quota and new reporting format)

Sensitisation

PSI reporting

PRI reporting

Definition of environmental, social and governance (ESG) aspects at Munich Re

Environment



- Pollution
- Natural resources and biodiversity

Social



- Political context and public awareness
- Labour and working conditions
- Health, safety and security for the community
- Displacement of people
- Cultural heritage

Governance



- Responsible and correct planning and evaluation
- Compliance
- Consultation and transparency

Reputational risk committee's for escalation of controversial single underwriting cases

Reputational risk committee (RRC)

Mission

- Consultation of business segments
- Analysis and assessment of individual cases

Working mode

- Reporting of critical issues prior to closing of a deal
- RRC responds within 48 hours, giving clear guidance
- Escalation to Board of Management by RRC coordinator in case of non-compliance

Examples of requests

- Investment / Insurance of specific entities / Groups
- (Re)Insurance of potentially polluting projects
- (Re)Insurance of projects in specific countries
- Insurance of clinical trial participants
- Critical products

 **Reputational risks are monitored and steered within RRCs**

Corporate responsibility in business at Munich Re selected solutions to societal challenges ... some examples

Products and services according to business field specialty

REINSURANCE

Climate change

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

Public-private partnership

- Weather-index-based insurance

Desert power

- CO₂-free power generation in North Africa

MUNICH HEALTH

Access to insurance

- Managed care & prevention
- Pilot product example: specific solutions for special groups such as Down (DKV Integral Sin Barreras)

Inclusive business model

- Fundación Integralia

ERGO

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. property, personal accident, crop)
- Mobile-phone-based insurance solutions

MEAG

- Sustainability anchored in General Investment Guidelines
- Investment in renewables and infrastructure
- Provision of sustainability funds for third parties
- ESG country rating

Group policy specifies the Munich Re corporate responsibility core principles – for environmental protection

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

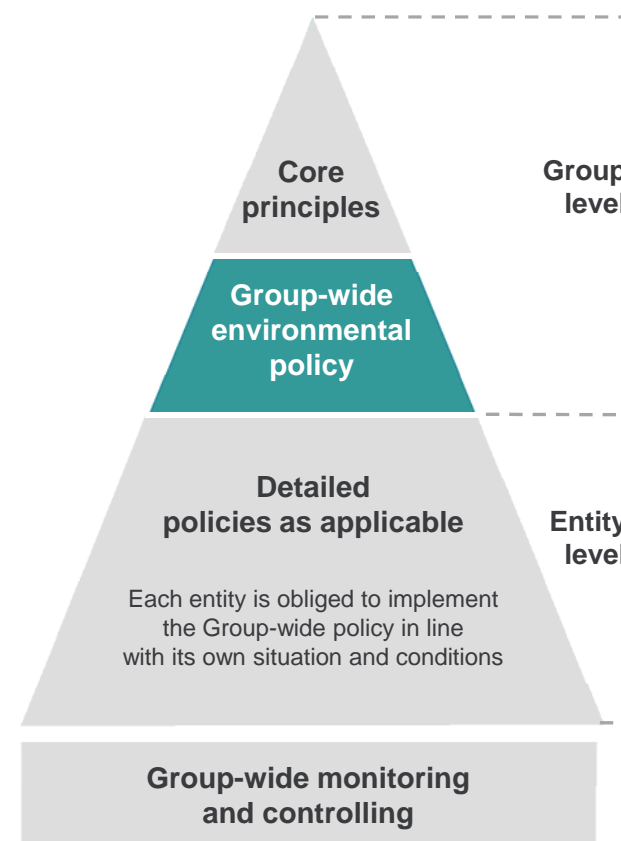
We consistently heighten environmental awareness and responsibility of all staff members and motivate them to actively protect the environment

Improving performance

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

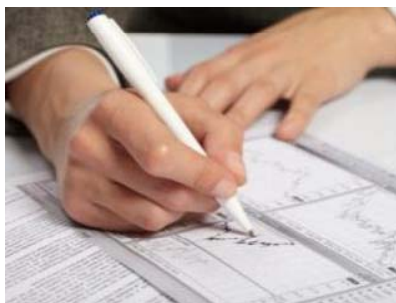
Communication with stakeholders

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 CO₂ emission reductions

Our steps to climate neutrality



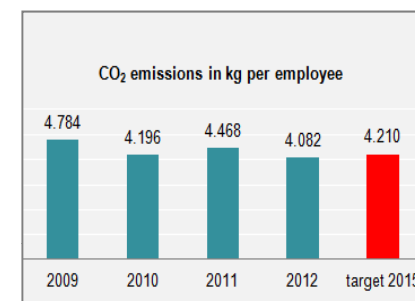
Group environmental management with 30% of sites certified and approx. 80% staff covered



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



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

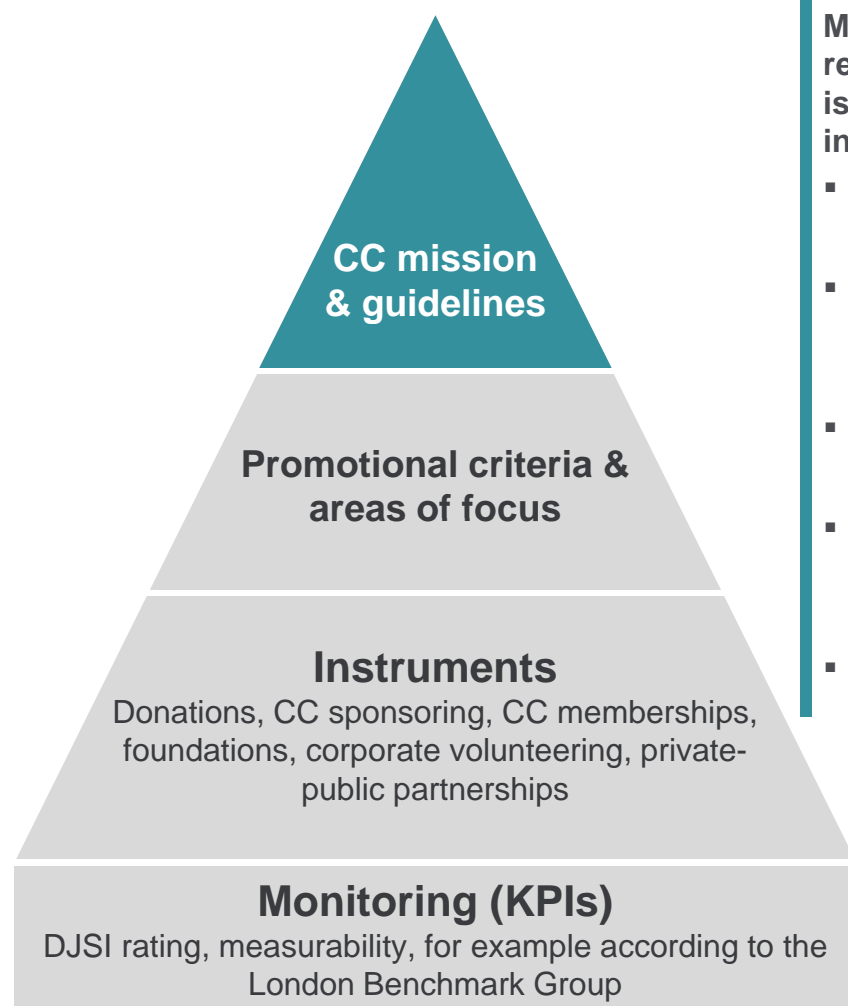


CO₂ neutralization:
purchasing CO₂ certificates

Achieving climate neutrality

- Munich Re (Munich): climate neutral since 2009
- Munich Re (Reinsurance Group): climate neutral since 2012
- Munich Re (Group): 10% CO₂ reduction and climate neutral by 2015

Munich Re makes a visible and measurable contribution to society



Munich Re's new mission statement: "Munich Re sees its responsibility as a member of society (Corporate Citizen) in issues closely related to its core business and, at its locations, in the areas of culture and social affairs."

- Munich Re supports projects whose long-term and sustainable aim is to resolve concrete challenges faced by society.
- In selecting issues, Munich Re considers business-relevant issues (link to core business) and corporate locations and concentrates on only a few, relevant areas of promotional focus.
- Munich Re strives for partner-like co-operations with charitable institutions.
- Munich Re is increasing its support for large-scale projects which show a measurable effect in meeting societal challenges and which are regularly evaluated with regard to their effectiveness.
- Munich Re is interested in involving its own staff members in Corporate Volunteering measures relating to charitable projects.

Corporate Citizenship concept of Munich Re: Responsibility for the community

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



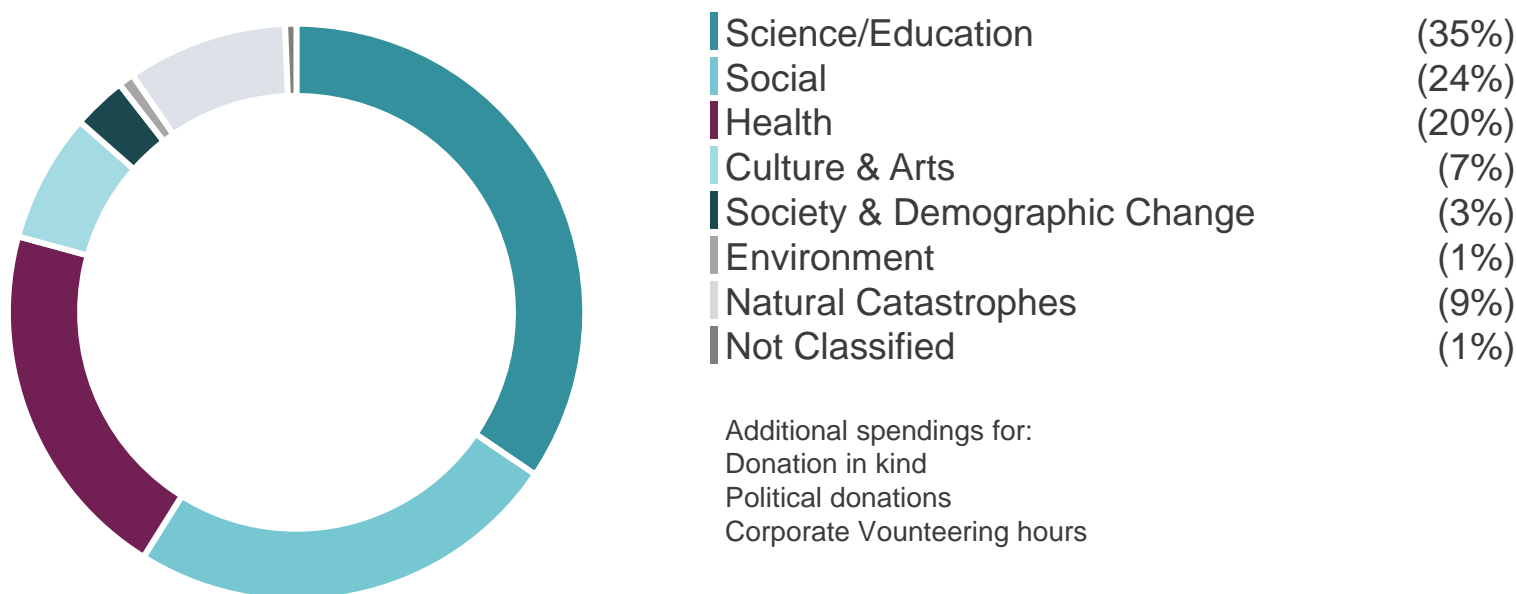
- A new concept designed to link our commitment more closely to the challenges facing society
- Project-based approach supported by the work of our three corporate foundations

Munich Re's foundations



Overview of Corporate Citizenship (CC) expenses 2012

Munich Re (Group) CC-Spending in 2012: approx. €5,000,000



Project examples:

Disaster prevention – Landslide mitigation in Aizawl, India

- Partnership with GeoHazards International (2012)
- Two-year disaster prevention project in northern India

Fresh water accessibility – Water Benefit Certificates

- Private -public partnership (PPP) founded in 2011 to develop an innovative financing mechanism to create Water Benefit Standard
- Aim: To create sustainable water management in regions with great water shortages