Corporate responsibility in (re)insurance business

Paris, 13 November 2014
Astrid Zwick, Head of Corporate Responsibility
### Examples

<table>
<thead>
<tr>
<th><strong>UNEP FI</strong></th>
<th>Munich Re has signed the climate declaration of the UNEP FI and is a member of the UNEP FI Climate Change Working Group.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Principles for Responsible Investment (PRI)</strong></th>
<th>Munich Re has actively developed and signed the UN Principles for Responsible Investment (PRI) as first German company in April 2006.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>UN Global Compact</strong></th>
<th>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.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Principles for Sustainable Insurance (PSI)</strong></th>
<th>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.</th>
</tr>
</thead>
</table>
Corporate responsibility in (re)insurance business, November 2014

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%
### Corporate responsibility at Munich Re – Overview

#### Five action fields in one Group-wide CR programme

<table>
<thead>
<tr>
<th>Enabling Framework</th>
<th>Core activities</th>
<th>Enabling Framework</th>
</tr>
</thead>
</table>
| 1 Strategy & Governance | ▪ Corporate responsibility strategy  
▪ Corporate responsibility governance  
▪ Compliance to UN Global Compact¹ | ▪ Integration of corporate responsibility issues into (re)insurance business (PSI²)  
▪ Integration of corporate responsibility issues into asset management (PRI³) |
| 2 Corporate Responsibility in Business | ▪ Global CO₂ neutrality  
▪ Global Environmental Management System policy and management | ▪ Donations  
▪ Corporate Volunteering  
▪ Foundations  
▪ Impact Assessment |
| 3 Environmental Management System | ▪ Annual update of corporate responsibility portal  
▪ Global corporate responsibility reporting  
▪ Position in major SRI ratings |
| 4 Corporate Citizenship | ▪ Reporting & Communication |

---

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).
Corporate responsibility is an essential component of our Group strategy

“A sustainable approach is key for long-term success in business.”

Dr. Nikolaus von Bomhard,
Chairman of the Board of Management, Munich Re

"With the implementation of the Principles for Sustainable Insurance (PSI), we are adding another dimension to our risk management"

Dr. Torsten Jeworrek, Member of the Board of Management
Munich Re
The Corporate Responsibility department is a central function at Munich Re

Structure

CEO

- Group Communications
- Group Audit
- Group Development
- Group Compliance

Corporate Strategy | Economic Research | Corporate Responsibility | Group HR | Corporate Office

"Guideline competency"

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

Corporate responsibility in (re)insurance business, November 2014
Corporate responsibility at Munich Re – Overview

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

<table>
<thead>
<tr>
<th>Variable remuneration based on multi-year performance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Category of objective</td>
<td>Share(^1)</td>
</tr>
<tr>
<td>Collective contribution to corporate success</td>
<td>20%-50%</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Business field objectives (three-year average)</td>
<td></td>
</tr>
<tr>
<td>- Reinsurance</td>
<td></td>
</tr>
<tr>
<td>- Primary insurance</td>
<td></td>
</tr>
<tr>
<td>- Munich Health</td>
<td></td>
</tr>
<tr>
<td>Individually contributing to corporate success</td>
<td>20%-60%</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall performance evaluation</td>
<td>20%</td>
</tr>
</tbody>
</table>

\(^1\) The objectives are weighted individually according to the responsibilities of the individual Board members.

\(^2\) Further information on economic earnings is provided on page 88.

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

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
Corporate responsibility in business

Growth in PSI membership
(June 2012 to September 2014)

<table>
<thead>
<tr>
<th>PSI signatory companies</th>
<th>PSI supporting institutions</th>
<th>PSI membership (signatories + supporters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>7</td>
<td>34</td>
</tr>
</tbody>
</table>

Gross premiums written
- About USD 500 billion or 10% of 2011 world premium volume
- About USD 660 billion or 15% of 2012 world premium volume

Total assets under management
- About USD 5 trillion
- About USD 8 trillion

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

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

Total assets under management

About USD 5 trillion

About USD 8 trillion
### 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)
# Corporate responsibility in business

## PSI supporting institutions (country of domicile)

### Founding supporters

1. Brazilian Insurance Confederation (CNseg) (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 (United Kingdom)
6. International Insurance Society (United States)
7. South African Insurance Association (South Africa)

### Supporters after the PSI launch in June 2012

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

Status: September 2014
Corporate responsibility in business

The PSI strategy for 2014-16
Moving from aspiration to transformation

Vision

Purpose

Goal 1: Collaborative action (external)

Sub-goals 1

• Promote the PSI Initiative and engage stakeholders
• Develop and implement projects and activities that focus on understanding and managing ESG risks

Goal 2: Implementation support (internal)

Sub-goals 2

• Understand and develop solutions to address members’ pain points
• Member exchange programme
• Cost-efficient delivery

Goal 3: PSI operations (governance)

Sub-goals 3

• Measure and report on the impact of the PSI Initiative on advancing ESG issues and the value created for members
• Embed a learning culture to foster continuous improvement

Projects and activities

Annual PSI member exchange programme

Measuring the performance of the PSI Initiative

Review of macro trends
Annual PSI membership survey
Annual PSI stakeholder survey

PSI annual public disclosure of implementation
PSI annual report on progress
PSI membership growth

Corporate responsibility in (re)insurance business, November 2014
## Timeline of projects and activities (2014–16)

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree on projects for the PSI Initiative as a whole</td>
<td>Global resilience project (end date TBC)</td>
<td>Develop insurance industry ESG footprint baseline (end date TBC)</td>
<td></td>
</tr>
<tr>
<td>Explore other projects – to be discussed</td>
<td>Agree on projects for individuals PSI members to take up at their discretion</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing PSI projects, awareness-raising events and engagements with the global insurance industry, government, regulators, UN agencies, NGOs and other stakeholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop member exchange programme</td>
<td>Pilot exchange programme</td>
<td>Roll out annual exchange programme</td>
<td></td>
</tr>
<tr>
<td>Annual governance activity</td>
<td>Membership disclosure</td>
<td>Membership disclosure</td>
<td>Membership disclosure</td>
</tr>
<tr>
<td></td>
<td>Member and stakeholder surveys</td>
<td>Member and stakeholder surveys</td>
<td>Member and stakeholder surveys</td>
</tr>
<tr>
<td></td>
<td>PSI annual report</td>
<td>PSI annual report</td>
<td>PSI annual report</td>
</tr>
</tbody>
</table>
Our responsible approach creates sustainable value – for our clients, staff, shareholders and society.

Corporate responsibility in business is laid down in our core principles.

- Environmental, social and governance (ESG) aspects are anchored in the core business (along the value chain)
- Risk management is expanded
- All employees are knowledgeable and apply ESG integration
- Dialogue with all stakeholder groups

Sensitive issues
- ESG aspects
- Reputational risk
- Dialogue
- Sensitisation

Each business develops and implements specific initiatives.

PSI\(^1\) and PRI\(^2\) Reporting (contribution by all business fields)

---

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 and sales process, compliance

MEAG
Adherence to PRI

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
## ESG Criteria Evaluation

<table>
<thead>
<tr>
<th></th>
<th>Score</th>
<th>N/a*</th>
<th>No info**</th>
<th>Comment</th>
<th>Weblinks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Implications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political context and public awareness</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour and working conditions</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health, safety and security for the community</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Displacement of people</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural heritage</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Implications</strong></td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pollution prevention</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation of natural resources and biodiversity</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governance Implications</strong></td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible and correct planning and evaluation</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultation and transparency</td>
<td>&lt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Final assessment:**

*Check this box if the criterion is not applicable and please explain why in a comment.
**Check this box if no explicit information is available.
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

<table>
<thead>
<tr>
<th>REINSURANCE</th>
<th>MUNICH HEALTH</th>
<th>ERGO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate change</strong></td>
<td><strong>Access to insurance</strong></td>
<td><strong>Life insurance</strong></td>
</tr>
<tr>
<td>- Nathan Risk Suite</td>
<td>- Managed care &amp; prevention</td>
<td>- Unit-linked life insurance with investment in SRI products</td>
</tr>
<tr>
<td>- Agro Systems</td>
<td>- Pilot product example: specific solutions for special groups such as Down (DKV Integral Sin Barreras)</td>
<td></td>
</tr>
<tr>
<td>- New coverage concepts in the area of renewable energy</td>
<td><strong>Inclusive business model</strong></td>
<td><strong>Motor insurance</strong></td>
</tr>
<tr>
<td><strong>Public-private partnership</strong></td>
<td>- Fundación Integralia</td>
<td>- 10% premium rebate for environmentally friendly cars</td>
</tr>
<tr>
<td>- Weather-index-based insurance</td>
<td></td>
<td><strong>Microinsurance</strong></td>
</tr>
<tr>
<td>- Solutions to global challenges (e.g. The Global Fund)</td>
<td></td>
<td>- Range of insurance products (e.g. property, personal accident, crop)</td>
</tr>
</tbody>
</table>

**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.

According to ISO 14001.
Climate neutrality based on environmental management and CO₂ emission reductions

Our steps to climate neutrality

- Group environmental management with 38% 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 (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 responsibility at Munich Re – Corporate citizenship

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
Overview of Corporate Citizenship (CC) expenses 2013

Munich Re (Group) CC-Spending in 2013: approx. €7,000,000

Science/Education (33%)
Social (17%)
Health (15%)
Culture & Arts (11%)
Natural Catastrophes (9%)
Environment (2%)
Society & Demographic Change (2%)
Not Classified (11%)

Additional spendings for:
- Donation in kind
- Political donations
- Corporate Vounteering hours

Project examples:

Disaster prevention – Landslide mitigation in Aizawl, India
- Partnership with GeoHazards International
- Two-year disaster prevention project in northern India

Fresh water accessibility – Water Benefit Certificates
- Private-public partnership (PPP) to develop an innovative financing mechanism to create Water Benefit Standard, launched at World Water Week in Stockholm, Sept. 2014
→ Aim: To create sustainable water management in regions with great water shortages
For information, please contact

**CONTACT**

Astrid Zwick  
Head of Corporate Responsibility  
Tel.: +49 (89) 3891-2711  
E-mail: azwick@munichre.com

Ingrid Grunwald  
Manager Investor Relations  
Tel.: +49 (89) 3891-3517  
E-mail: igrunwald@munichre.com
Disclaimer

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

Figures up to 2010 are shown on a partly consolidated basis.
"Partly consolidated" means before elimination of intra-Group transactions across segments.