

Human Rights

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Taking up responsibilities on human rights

We are convinced that our business concept can only be successfully realised in the future through sustainable and responsible action.

Therefore, we are committed to respecting human rights in line with internationally accepted human rights principles¹ and the United Nations Guiding Principles on Business and Human Rights.

The Board of Management of Munich Re (Group) has confirmed this commitment by stating the Group's position on human rights, which can be found on the corporate responsibility portal.

Furthermore, our commitment to human rights is manifested in Munich Re's participation in the United Nations Global Compact, which we joined in 2007. Its ten principles are included in our Group-wide Code of Conduct.

As a signatory to the United Nations Global Compact, Munich Re has committed itself to

- support and respect the protection of internationally proclaimed human rights;
- make sure that the company is not complicit in human rights abuses;
- uphold the freedom of association and the effective recognition of the right to collective bargaining;
- support the elimination of all forms of forced and compulsory labour;
- promote the effective abolition of child labour; and
- foster the elimination of discrimination in respect of employment and occupation.

Munich Re has established a due diligence process for identifying, analysing, assessing, and managing potential risk related to human rights issues. Periodic reviews of our risk mapping is part of this process. To identify human rights risks and impacts of our business and to strengthen our management systems, we have continuously analysed our sphere of influence. In our systematic evaluation of potential risks, Munich Re (Group) has defined four dimensions involved in the management of human rights: employees, procurement, (re)insurance business and asset management. For each of these dimensions, we have implemented a set of policies, governance instruments and internal position papers to guide our decision-making and responsible business conduct.

We are aware that human rights is such a broad and evolving topic that it is impossible to deal with it conclusively. It is for this reason that we constantly improve our processes, expand our risk screening, raise awareness among our employees and business partners, and keep them informed regularly. An ongoing exchange with our stakeholders provides important catalysts.

¹ Including the International Bill of Human Rights (incl. the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Employees

All of our employees contribute to our success through their skills, performance and dedication. That is why we are committed to investing in their development and providing all staff with equal opportunities and top-quality working conditions.

Munich Re not only adapts to the current demands of the labour market, we also understand how to meet the changing needs of our staff. Equal treatment is an inherent part of our corporate culture.

Diversity is also a core value at Munich Re. This is anchored in a Diversity Policy for the entire Group. The different mindsets, cultures and values of our staff are key to Munich Re's success.

Our Code of Conduct and additional self-commitments on responsible behaviour specify that we expect our employees to observe the personal dignity, privacy and personality rights of every individual. We do not tolerate any discrimination (on grounds of age, sex, ethnic origin, nationality, political opinion, race, religion or the like), sexual harassment, other personal harassment, or insulting behaviour.

Development opportunities at work and in private life are important objectives for us. We therefore offer our staff numerous different models of flexible working conditions, attractive working-hours models and needs-based support.

Also, the health of our staff is a matter of priority. Our most important objective is to take preventive measures to protect and promote the long-term health and performance of our employees. Our offerings focus on a wide variety of programmes promoting health and prophylaxis. Munich Re complies with the statutory health and safety requirements conscientiously.

Procurement

As a global organisation, Munich Re procures many different goods and services throughout the world. Buying at the best total value in terms of quality, time and cost, while ensuring compliance at all times, the procurement functions throughout the Group seek to make a substantial and lasting contribution to the success of Munich Re.

Along the entire value chain, our procurement activities are shaped by a deep sense of corporate responsibility. Environmental, social and governance (ESG) criteria are at the heart of our approach.

We have established Procurement Principles to guide our interaction with suppliers. Accordingly, as a requirement for cooperation, Munich Re also expects its business partners to commit to the principles of the UN Global Compact, explicitly including human and labour rights. Should these principles be violated, Munich Re reserves the right to extraordinary termination of an agreement for good cause.

We treat all suppliers with respect and deal with them honestly, ethically and fairly. In accordance with Munich Re's Code of Conduct and additional self-commitments on responsible behaviour, we conduct business in compliance with all applicable laws and regulations wherever we operate. We believe that buyers and suppliers optimise their working relationship when there is a foundation of trust. In an ongoing relationship, we communicate our expectations openly and share our goals with the supplier.

(Re)insurance business

Our business, which links us to all sectors of industry and the economy, makes it possible for entrepreneurial risks to be taken. We are conscious of the fact that there are a range of industries and projects that may have a major impact on the environment, local communities, indigenous peoples and other stakeholder groups. We have therefore established generally applicable environmental, social and governance (ESG) criteria which explicitly include human and labour rights. These criteria help to prioritise industrial sectors with high ESG exposure, thus allowing sensitive business topics to be identified.

The systematic anchoring of those aspects in core business enables us to identify risks and to minimise them in cooperation with our clients. Additionally, in signing up to the Principles for Sustainable Insurance (PSI), we committed ourselves to making allowance for ESG aspects that are relevant for our insurance business.

Our Group Corporate Responsibility Committee (GCRC) – which advises the Board of Management on the development of Munich Re's sustainability strategy – evaluates and prioritises sensitive issues, including human and labour rights aspects. The committee has already approved position papers and guidelines on various sensitive topics, which are implemented by the business fields in the form of binding underwriting guidelines, best practices and guidance for our employees.

Our strategic ESG framework is consistently implemented in practice. We therefore provide relevant training for managers, underwriters and client managers in the different divisional units. To promptly identify possible risks, Munich Re has also implemented a Reputational Risk Committee (RRC) in each business field to deal with reputational risk issues that arise in the course of our day-to-day business operations. Employees can refer critical cases to their respective RRC prior to closing a transaction. The committees verify the acceptability of the business transactions and ensure that we do not take operational decisions involving reputational risks and ESG risks.

Asset management

Insurance companies are subject to strict security and return requirements. They have to ensure that their clients' money is invested both safely and profitably. We take the responsibility that comes with this very seriously. MEAG (MUNICH ERGO Asset-Management GmbH) is the asset manager of Munich Re (Group). In April 2006, Munich Re became the first German company to sign the UN Principles for Responsible Investment (PRI). Since then, the PRI have served as guidelines for our investment strategy, anchoring environmental, social and governance (ESG) aspects more firmly in our investment process.

Since June 2017, MEAG has been working with MSCI ESG Research, a leading provider of sustainability analyses and ratings on ESG. The aim of using MSCI ESG Research and its ratings is to further refine and optimise MEAG's approach to sustainable investment. With its high degree of global coverage of the most important asset classes, MSCI supports MEAG in determining a sustainable investment universe and selecting sustainable individual investments.

The major portion of our investments meet sustainable investment criteria, which is manifested in our Responsible Investment Guideline (RIG). In the asset classes of infrastructure, renewable energies, forestry and farmland, we have established an investment process which follows additional important sustainable objectives relating to investment. For example, our guideline and policy "Investment in farmland" includes several aspects of human rights. Additionally, according to our RIG, investments have to comply with the "Policy on banned weapons" and "Ban of trading and holding of investments in food-related commodities". We regularly review our sustainability criteria for all assets, mainly using the ESG criteria of external rating agencies (including ESG criteria, thereby implicitly also human and labour rights aspects).

Grievance mechanisms

Employees have the opportunity to report incidents directly to their line managers, the Compliance Officer or to Internal Audit. To additionally strengthen the compliance system, an independent external ombudsman has been appointed.

Munich Re (Group) offers its staff members, clients, suppliers and other business partners a whistleblowing portal to report potential or actual compliance breaches. Here, relevant information can be exchanged safely and confidentially – globally

and around the clock. The compliance units receive this information and are responsible for processing it further. Employees can provide information anonymously or by using their name.

The following page provides an overview of the most relevant commitments, policies, governance instruments and internal position papers which are in place to oversee our human rights due diligence.

Commitments

- Group Position on Human Rights
- United Nations Global Compact
- Principles for Sustainable Insurance (PSI)
- Principles for Responsible Investment (PRI)
- Charta der Vielfalt (Diversity Charter)

Codes and policies

- Group-wide Code of Conduct
- Procurement Principles
- Responsible Investment Guideline
- Diversity Policy

Governance instruments

- Group Corporate Responsibility Committee
- Reputational Risk Committee
- Whistleblowing Portal

Position papers/sensitive issues

- Banned Weapons: Binding policy on cluster munition and land mines
- Arctic Drilling: Binding risk assessment by the Arctic Drilling Panel
- Investment in farmland: Mandatory ESG review
- ESG country ratings: Prohibition on investing in government bonds from countries with an inadequate ESG rating
- Fracking: Position paper including specific questions on ESG aspects
- Mining: Position paper including specific questions on ESG aspects
- Oil sands: Position paper including specific questions on ESG aspects
- ESG tool: Rating of risks in different sectors (e.g. major infrastructure projects)

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