

Munich Re's Statement on the UK Modern Slavery Act

This statement is made pursuant to section 54 (1) of the UK Modern Slavery Act 2015 and constitutes Munich Re's¹ slavery and human trafficking statement for the financial year ending 31 December 2017.

About Munich Re

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. The global investments are managed by MEAG (MUNICH ERGO Asset Management GmbH), which also makes its competence available to private and institutional investors.

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 principles² and the United Nations Guiding Principles on Business and Human Rights.

The Board of Management of Munich Re has confirmed this commitment in a position on human rights, available on the Corporate Responsibility Portal. Furthermore, Munich Re shows its commitment to human rights by participating in the United Nations' Global Compact, which Munich Re joined in 2007. Its ten principles are included in our Group-wide Code of Conduct.

For several years now, Munich Re has been addressing its human rights due diligence in numerous ways. To identify human rights risks and impacts on our business and to strengthen our management systems we have continuously analysed our sphere of influence. Munich Re addresses human rights from four perspectives: 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.

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 provide all staff with equal opportunities and top-quality working conditions. Munich Re does not only adapt to the current demands of the labour market but we also understand how to meet the changing needs of our staff. Equal treatment is an inherent part of our corporate culture. Our Code of Conduct and additional self-commitments for 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.

Procurement

Munich Re procures many different goods and services throughout the world. Buying at best total value in terms of quality, time and costs, while ensuring compliance at all times, the procurement function seeks 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 and we expect our suppliers to meet them as well. We have established Procurement Principles to guide our interaction with our suppliers.

¹ Munich Re (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München)

² 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.

The principles ensure compliance with ESG criteria and acceptance of the ten principles of the UN Global Compact in our day-to-day interaction with suppliers. To ensure compliance with the UN Global Compact within the supplier relationship, Munich Re implements a Corporate Responsibility (CR) clause into its standard contracts. If we believe the principles of the UN Global Compact have been breached, Munich Re reserves the right to cancel the contractual relationship by way of extraordinary termination for good cause.

Supplier registration

If a new supplier wishes to do business with Munich Re, it must first complete a supplier registration process. Using a self-disclosure questionnaire, it is requested to provide key information on the subject of sustainability. This voluntary information also addresses aspects relevant for exclusion criteria (refusal to sign the CR clause can be an exclusion criteria). Within the supplier registration process, it is mandatory for the supplier to confirm compliance with the UN Global Compact.

(Re)Insurance Business

Our business, which links us to all sectors of industry and economy, makes it possible for entrepreneurial risks to be taken. We are conscious of the fact that there is a range of industries and projects that may have a major impact on the environment, local communities and other stakeholder groups. The systematic anchoring of environmental, social and governance (ESG) aspects in core business enables us to identify these risks and, in cooperation with our clients, to minimise them as far as possible.

Munich Re has signed up to the Principles for Sustainable Insurance (PSI) and as such is committed to making allowance for ESG aspects that are relevant for our insurance business. This applies to our products, services and internal processes. In 2013, a Group Corporate Responsibility Committee (GCRC) was established. It provides counsel on Munich Re's corporate responsibility commitments and activities. Moreover, it evaluates and prioritises sensitive issues including human and labour rights aspects.

Also, Munich Re has established a committee for dealing with reputational risks that arise in the course of our business operations. Employees can refer critical cases to this committee prior to closing a transaction. The committee verifies the acceptability of our business transactions and ensures that we do not take operational decisions involving undue reputational risks and ESG risks. Any new topic that emerges as a sensitive business issue in these discussions is referred to the GCRC for detailed assessment and a potential extension of the existing Group-wide policies.

In 2013, we established ten generally applicable ESG aspects which explicitly include human and labour rights. These aspects help to identify industrial sectors with high ESG exposure, thus allowing sensitive business topics to be recognized. This helps our underwriters and asset managers to systematically incorporate consideration of ESG aspects (including aspects of human and labour rights) into the risk assessments. The GCRC has approved position papers and guidelines on various sensitive topics.

In the reinsurance sector our experts for corporate responsibility coordinate the implementation of the Principles for Sustainable Insurance (PSI) and the integration of ESG aspects in our core business. With this in mind, our experts on corporate responsibility provide relevant training for managers, underwriters and client managers in the different divisional units. In addition, a "Corporate Responsibility in Business"-coordinators' network was established in the reinsurance sector and the coordinators were made aware of the topic. More than 600 staff members have been sensitized to ESG aspects and, in their role as multipliers, are now transferring their knowledge within their own departments, in risk assessments, client discussions and in exchanges with other units.

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 this responsibility very seriously. MEAG is the asset manager of Munich Re. 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 ESG aspects more firmly in our investment process.

The vast majority of our investments meet sustainable investment criteria, as outlined in our Responsible Investment Guideline. 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 investments. 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).

Wherever possible, we use the knowhow of external service providers to ensure the sustainability of our investments. We combine the assessments of these providers with our own investment criteria. Since 2013, our investment activities have taken into account an external ESG country rating that reflects the sustainability performance of individual countries. In cases where countries fail to satisfy our criteria, MEAG refrains from investing in their government bonds or the bonds of quasi-governmental organisations.

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.

Furthermore, Munich Re 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 unit receives this information and is responsible for processing it further. Employees can provide information anonymously or by using their name. If legally possible, anonymity is guaranteed.

Final Remark

We will continue to work on the implementation of the human and labour rights aspects and to consider our obligations under the UK Modern Slavery Act 2015.

Munich, 15 May 2018



Dr. Joachim Wenning
Chairman of the Board of Management
Munich Re

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