

# MUNICH RE CORPORATE RESPONSIBILITY

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# RESPONSIBLE CORPORATE GOVERNANCE



# SUSTAINABLE INVESTMENT: MUNICH RE SHARES

Munich Re is fully committed to sustainable management, and this is reflected in our share price. Thanks to their favourable risk/return profile, our shares constitute an attractive investment.

» Sustainable investment

# **CURRENT NEWS**

# 12.10.2010

Munich Re launches new portal providing information on corporate responsibility

# 15.09.2010

Professor Höppe speaks at international conference on the importance of renewable energies

# 15.09.2010

Sustainability indices give Munich Re top ratings

# 11.06.2010

The ERGO Group is awarded the certificate for "audit berufundfamilie®" (career and family audit).

# 27.05.2010

First milestone reached: Munich Re's Munich offices carbon-neutral since 2009

# 21.05.2010

Confirmation of Munich Re's prime status as a sustainable investment

» News archive

# Quick Links

- » Statement by the CEO
- » Guiding principles
- » Sustainable investments
- » Responsibility towards staff
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# STATEMENT



# RESPONSIBILITY IN ACTION

A forward-looking and responsible approach – Corporate Responsibility in action – has been an integral part of Munich Re's Group strategy for many years. Our core business, the coverage of insurance and reinsurance risks, represents the unique selling proposition we offer our clients for the future.

» Nikolaus von Bomhard, Chairman of the Board of Management



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# **CHALLENGES**

# Action not reaction

Munich Re's business environment is in flux, presenting ever new opportunities and risks. Formative parameters, such as climate change, technological progress, the globalised financial markets and demographic trends, constitute major challenges. Munich Re meets these challenges actively and flexibly with tailor-made solutions.

Humanity is facing a multitude of global challenges. Munich Re has identified several of these as particularly significant for the insurance industry and itself. Besides climate change and new technological risks, they include global geopolitical and economic interaction and demographic trends. Finding solutions for them is a top priority. From the realm of politics and commerce, society, technology and ecology we have selected the topics most critical to us with the aim of identifying their driving forces, understanding new developments and mastering the challenges in our core business – for instance, by devising new coverage concepts.

# Taking challenges head on, identifying potential

It is our business to know all risks of relevance. In addition to the global challenges already mentioned, our focus is also on developing new business potential. One of our tasks is therefore to use new findings to advance the risk models used. With our extensive knowledge and decades of experience, we can thus actively shape the changes taking place, even if they are fundamental in nature.

# Extending the boundaries of what is feasible

The activities of Munich Re go far beyond what is presented in this portal. Our experts in over 80 specialist fields and some 50 countries analyse the vast diversity of risks in our complex world, be they natural hazards, demographic trends or new diseases, and develop solutions on the basis of their expertise. Our objective is to consistently expand the boundaries of insurability. Munich Re assumes social responsibility and brings economic, ecological and social requirements into harmony, while at the same time creating value for clients and investors.

# Climate change



Munich Re was one of the pioneers in analysing climate change. We are continually expanding this competence.

» more

# New technologies



Munich Re has a long record of supporting progress and the spread of new technology through tailor-made cover concepts. » more

# Globalised financial markets



Over the years, we have systematically pursued a risk and investment strategy conducive to sustainable development. » more

# Demographic change



The insurance industry is called upon to devise new solutions for these trends. Munich Re uses its wealth of knowledge to create customised models in a variety of business fields. » more

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# Climate change – Pooling knowledge, finding solutions

Munich Re is a financial and insurance sector leader in the field of climate-change analysis. We continue to enhance the competence we have built up over the years, for instance by introducing measures and solutions mitigating the impacts of climate change and developing new coverages facilitating climate change adaptation. At the same time, we are taking steps to avoid greenhouse gas emissions in our own business operations, one of our major objectives being to achieve carbon neutrality in our reinsurance operations worldwide by 2012.

Munich Re's Geo Risks Research unit was set up in 1974 to analyse and address natural hazard and climate change risks encountered in the reinsurance context. The unit's expertise is continuously revised and updated and, as of 2008, our climate change activities have been coordinated by our » Corporate Climate Centre (CCC), a network of staff dealing with climate change impacts throughout Munich Re as a whole. One aspect of its work is to advise » underwriters and clients on natural catastrophe reinsurance and the development of cutting-edge products.

# Global networking

Our CCC experts maintain a close dialogue with scientists, associations and organisations worldwide, and are involved in numerous research and development projects. These partnerships further our understanding of the effects of global warming and of its implications for the environment and the insurance industry. Our expertise on climate issues is a fundamental part of our risk management. It enables us to exploit new fields of business and develop renewable energy and other innovative products, and it is also reflected in our investment policy. In 2008, our "Climate Change, Climate Risk, Climate Chance" exhibition toured Munich Re offices worldwide to promote awareness of the implications of global warming among our staff and clients. The exhibition deals with the effects of global warming and features Munich Re's innovative climate change products and risk transfer solutions.

# Greenhouse gas avoidance

Munich Re is committed to the development of regulations and products designed to cut greenhouse gases. Convinced that one of the best ways to lead is by example, we adopted a carbon-neutral strategy in respect of our reinsurance activities in 2007. Our target is to achieve carbon neutrality throughout our reinsurance group operations worldwide by 2012.

This strategy comprises four stages. Firstly, we aim to implement more efficient systems and cut our carbon emissions. Secondly, we will use only renewable energy sources. Thirdly, we will compensate for our greenhouse gas emissions by investing in renewables projects. Fourthly, we will offset unavoidable greenhouse gas emissions by purchasing and retiring emission allowances. We have already gone some way to meeting our target, our head office in Munich having become carbon neutral in 2009.

# Seizing the initiative – Climate change mitigation

In 2005, Munich Re launched the "Munich Climate Insurance Initiative" (MCII) based on the premise that insurance solutions can do much to help people and economies adapt financially to climate change. Comprising insurance, climate and economic experts and independent NGOs, the MCII aims to find risk-transfer solutions for developing and emerging economies and to provide loss-prevention support. MCII essentially aims to redress the imbalance between the main emitters of greenhouse gases and the developing countries, since the latter suffer to a disproportionate extent from the effects of climate change.

# Supporting and developing renewables

Whilst adaptation measures can be used to mitigate the effects of climate change, they cannot influence its underlying causes. We have to cut carbon emissions permanently if we are to curb the ongoing rise in global temperatures. Munich Re has long advocated the promotion and development of renewable energies as a way of reducing emissions. This gave rise to an ambitious industrial initiative established in conjunction with the DESERTEC Foundation in 2009: Dii GmbH. The idea behind the initiative is to generate electricity in those areas where a virtually limitless supply of renewable energy is guaranteed and subsequently transport it to the countries that consume it. The target is to supply around 15% of Europe's needs from solar and wind energy generated in the » EUMENA (Europe, Middle East, North Africa) region by 2050. The scheme will create jobs in the producer countries, provide greater energy security, and give the countries involved the benefits of carbon-free energy.

# Related Topics

- » Globalised financial markets
- » Sustainable products
- » Sustainable investments
- » Risk management
- » Principles for Responsible Investment (PRI)
- » Environmental protection
- » Environmental commitment
- » Climate protection
- » Power from the desert
- » Memberships & cooperations
- » Education and science

### munichre.com

» Focus topic Climate change

# External Links

- » MCII (Munich Climate Insurance Initiative)
- » Dii

### Download

» "Climate Change, Climate Risk, Climate Chance" (PDF, 5.0 MB)

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# Paving the way for new technologies

Munich Re has a long history of supporting progress and the implementation of innovative technological ideas. Promoting new technologies by developing tailor-made coverage concepts is an integral part of our core business. We contribute our expertise and work in close collaboration with our partners in research and science. Power generation, especially from renewable sources of energy, has become a special focus of our activities.

Providing active support in the development and implementation of new technologies has a long-standing tradition at Munich Re. It all began over a hundred years ago in the course of industrialisation, when the need for technically-oriented risk coverage became acute. Ever since, engineering has undergone fundamental changes, but we are still firmly convinced that knowledge transfer and interdisciplinary exchange are the best foundations for tomorrow's products and processes.

# A history of commitment

for the insurance industry.

Around the year 1900, Munich Re developed machinery insurance together with industrial and commercial enterprises as well as primary insurers. The financial protection for these enterprises facilitated further developments, such as the use of the steam engine for power generation. In the mid-1920s, the then state-of-the-art Walchensee power plant in Upper Bavaria went into operation — a project that was instrumental in the electrification of the railways and reinsured by Munich Re. Since then, an integral part of our core business has been to advance technological innovations by devising new insurance solutions incorporating all our expertise.

# Benefiting from knowledge: Best connections and networks

Munich Re has an excellent international team of experts to assist technological development. The interdisciplinary knowledge exchange is fuelled on a daily basis by staff from a vast variety of professional backgrounds, including mathematicians, scientists, engineers and economists. Scientists in Geo Risks Research and the » Corporate Climate Centre (CCC) support the divisional units by providing answers to specialist questions related to natural catastrophes and climate change. In addition, we have an efficient worldwide network in which we cooperate with international experts, organisations and institutions, such as the London School of Economics and Political Science (LSE). The aim of the partnership with LSE is to quantify the economic impacts of climate change and the opportunities and risks that arise from it

# Committed to the future energy supply structure

Munich Re's special focus today is on power generation tomorrow – particularly in view of continued global warming and the worldwide increase in the demand for energy. We develop innovative coverage concepts for the erection and operation of offshore wind farms, offer insurance cover and planning certainty for the construction of hydropower plants and have marketed the first performance warranty cover for photovoltaic modules. On the investment side, we have defined renewable energies as an important field of business as well. Our underwriting knowledge serves as a basis for the new investment programme devised by our asset manager MEAG: RENT (renewable energies and new technologies) enables investors to participate in wind farms and solar parks and in geothermal and biogas power plants. In addition, Munich Re has initiated one of the largest projects in the area of renewable energies together with the DESERTEC Foundation by establishing Dii GmbH. The aim of this industrial initiative is to realise the vision of secure, sustainable and climate-friendly power generation in the deserts of northern Africa and the Middle East ( » MENA).

Dr. Torsten Jeworrek, member of Munich Re's Board of Management and Chairman of the Reinsurance Committee, considers renewable energy sources to be critical to the achievement of this goal. "Alternative sources of energy, such as the sun, wind, and water, will in the long run grant us independence from fossil fuels, thereby resulting in a clear reduction of the greenhouse gas emissions that are detrimental to the climate." Converting our power industry to renewable technologies is thus the main answer to the question of tomorrow's energy supply.

# Related Topics

- » Sustainable investments
- » Project RENT
- » Insurance concepts for renewable energies
- » Power from the desert
- » Climate protection

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» Focus topic Climate change

### External Links

» London School of Economics and Political Sciences

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# Globalised financial markets – Mastering the risk

Our aim is to offer our investors a safe investment with an attractive return. For years, we have systematically pursued a risk and investment strategy that secures Munich Re's sustainable development. We do not allow short-term trends in the international financial markets to throw us off course. The fact that we were able to manage the financial market crisis relatively well confirms we are on the right track.

Developments since the beginning of this decade have shown that we must expect » volatility in the international financial markets to remain high. Where and when crises and booms develop in future and the magnitude they assume is impossible to predict with certainty given the complexity involved. Our risk and investment strategy allows for this fact. On the other hand, the capital market is sensitive to short-term developments of listed companies. It is against this background that we define our strategy.

# Clear financial management brings long-term success

Munich Re has clearly positioned itself with its disciplined financial management. Our integrated risk management enables us to identify and manage all the relevant risks in our Group. Our investment policy allows only investments based on our defined risk appetite and on sustainability. In pursuing this policy, we remain true to our principle of investing solely in assets we understand. Our value- and risk-based management is geared to the evaluation of risk on an economic basis. We consider only investment returns – particularly in the case of long-term business – that can be achieved even in times of crisis. It is this disciplined management that enables us to secure the financial strength of our company in the long term and that forms the basis of our business and our stakeholders' confidence in Munich Re. That is why we were able to support our clients with comprehensive solutions and exploit new business opportunities even during the financial crisis. Munich Re's shares offer all investors a » risk-return profile that is attractive in the long term. We are a safe investment and, as such, were in a position to maintain our dividend policy throughout the financial crisis and buy back shares as planned.

# Investments in companies with sustainable business practices

Irrespective of developments in the financial markets, Munich Re has determined that 80% of Group-wide investments in shares and government and corporate bonds should comply with sustainability criteria. We are convinced that the risks of sustainable investments are often lower and their long-term returns tend to be higher because they are more crisis-resistant.

Munich Re is also an investor in renewable energy. In mid-2010, we launched our investment project RENT (renewable energies and new technologies). Since then, experts at Munich Re and MEAG have been sounding out opportunities for investing directly in renewable energy and new technologies. The main focus of the project is on the sector of power generation using non-fossil fuels.

# Related Topics

- » Sustainability and Munich Re shares
- » Sustainable investments
- » Climate change
- » Project RENT

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# Addressing the challenge of demographic change

Demographic trends will have a noticeable impact on our society. The industrial nations are facing ageing populations and falling birth rates, and the insurance industry needs to find new solutions to these » demographic changes. Munich Re is using its extensive knowledge to devise models tailored to the changing age structure in its different areas of activity.

As a global player, Munich Re monitors individual market needs and changes in market age structures. Among the markets most affected by demographic change are the industrialised nations, where pension and healthcare costs are steadily rising. The trend towards an ageing society is already apparent in emerging countries like China and structural changes are expected to progress even more quickly in these highly populated regions than in Europe.

# Viable pension models

The demographic changes will mean big cuts in state pensions and people will increasingly have to invest in private pensions to maintain their standard of living. Whether life policy or some other long-term model, ERGO is a strong reliable partner which offers its clients custom-tailored pension products.

# New tasks for the insurance industry

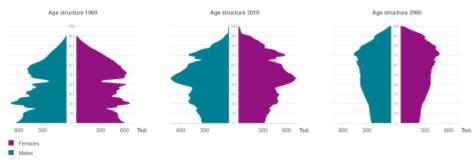
One of Munich Re's main core-business challenges is reinsuring the risks of its primary insurer clients. It is, of course, good news that life expectancies are rising but, at the same time, this increases the burden on life and health insurers, which need solutions that meet policyholders' needs and ensure their risks remain within manageable proportions.

# Pooling health expertise

Life expectancy is also affected by diseases of affluence like obesity, type 2 diabetes, cancer and cardiovascular complaints caused by changing lifestyles and eating habits. Munich Re's health expertise is pooled within Munich Health, which offers preventive measures and a range of private covers and medical care options tailored to the growing demand for individual, integrated insurance services.

"At Munich Health, we have succeeded in bringing together a unique spectrum of service providers and risk carriers under one roof. These extend from pure reinsurers and traditional primary insurers to full-range providers of integrated insurance and healthcare services", Dr. Wolfgang Strassl, Munich Re Board member and head of Munich Health.

# Population pyramids for Germany for 1960, 2010, 2060\*





<sup>\*1950</sup> to 2008: Dynamic data; 2009 to 2060: Forecast

# Assumptions

- Frequency of births roughly constant at 1.4 children per woman
- Life expectancy of newborns in 2060: 85.0 years for boys and 89.2 Jahre for girls
- Annual migration balance: + 100,000 persons

Source: Federal Statistical Office 2009

# Related Topics

» Sustainable products: Munich Health

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# RESPONSIBLE MANAGEMENT

Promise for the future

Munich Re firmly believes that the ongoing success of our business model requires sustained responsible action. Our success can be attributed to our emphasis on long-term thinking and action as well as to factors like efficient risk management and capital management. We view the application of high ethical and legal standards as a matter of principle. This enables us to create sustained value, safeguard our financial stability and consolidate the trust of our clients and investors.

At the heart of corporate responsibility and insurance lies a promise for the future. The concept of insurance is based on the fulfilment of long-term contractual obligations. To us as a global risk carrier, a prospective, prudent and responsible approach is a matter of course, entailing prudent governance, sustainable capital management, a consistent HR policy and open dialogue with our local and global » stakeholders.

# Responsible actions and management

Our corporate identity is anchored in our guiding principles for corporate responsibility. Munich Re's maxim – "turning risk into value" – is laid down in our mission statement. It acknowledges our commitment to responsible action, which is also a key part of our strategy.

As well as complying with the relevant laws, Munich Re also undertakes to meet the very high standards set in our in-house codes of conduct, and we are signatories to the UN's Global Compact. Munich Re's clear leadership structure, network of compliance officers and Reputational Risk Committee ensure we fulfil these exacting legal and ethical standards.

We create long-term value by practising disciplined financial management, key elements of which are integrated risk management and value-based management. That this combination of control measures is successful can be seen from the performance of our Munich Re shares.

# Long-term capital management and HR policy

As an insurer, our investments must be secure and profitable, and we invest our clients' money in accordance with strict risk management principles. We keep detailed records of all our investments, constantly monitoring the risks involved and ensuring maximum transparency.

Our HR policy is also characterised by responsibility and fairness. We systematically invest in staff development and offer our staff equal opportunities, creating optimum working conditions and supporting their personal and professional development in various ways. This benefits our staff and our reputation, Munich Re companies being among the most popular employers.

# Valuable input – Open dialogue with our stakeholders

Fundamental to responsible corporate action is ongoing discussion with Munich Re's stakeholders, which include our staff, our insurance and reinsurance clients, and capital market players. We also keep in close touch with politicians, economists, media representatives and scientists, whose suggestions and ideas provide further useful input. Maintaining open communications promotes trust and creates value for both sides.

# Munich Re and corporate responsibility

Munich Re's maxim — "turning risk into value" — is anchored in our mission statement, epitomising Munich Re's responsibility towards our stakeholders. To ensure we meet this commitment, responsible action, or corporate responsibility, is a mainstay of our strategy and firmly ingrained in our organisation. » more

# Living up to our values – Responsible management

There is more to corporate governance than satisfying legal requirements. As well as complying with the laws of the countries in which we operate, we have our own internal Code of Conduct that sets very demanding standards. Prudent management practices and ethically responsible conduct are cornerstones of Munich Re's long-term success. » more

# Capital management and responsibility

We invest our clients' money in accordance with strict requirements in terms of security and profitability. Our investments also fulfil binding sustainability criteria. Our successful investment strategy is also attributable to a large extent to the fact that we maintain complete records of all our investments — which ensures optimum transparency and long-term security. » more

# Responsible HR policies

Our HR policy is firmly based on a responsible corporate and leadership culture. We reward performance, encourage personal responsibility and facilitate personal development, which benefits our staff, ensures our financial success and bolsters our reputation, Munich Re companies being among the most popular employers. » more

# Dialogue with our stakeholders

Munich Re has always valued open and ongoing dialogue with our stakeholders. This promotes mutual understanding and trust and helps us to identify social issues and trends. » more

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# Corporate responsibility at Munich Re

"Turning risk into value" – for all stakeholders. That is Munich Re's maxim, which is also anchored in our mission statement. We thus commit ourselves as a group to the corporate responsibility we exercise towards our stakeholders. » more

# **CEO Statement**

Nikolaus von Bomhard, Munich Re Chairman of the Board of Management, on a forward-looking and responsible approach of Munich Re's Group » more

# Responsibility as a guiding principle

A forward-looking and responsible approach is an integral part of our business model. This approach is specified in more detail in our corporate responsibility guiding principles, in which we acknowledge our economic, ecological and social responsibility. » more

# Munich Re's areas of action

Munich Re has systematically integrated responsible and sustainable development in all of the Group's main areas of activity. This means that on a daily basis, we assume responsibility in the diverse activities of the Group when handling global challenges. » more

# Milestones of our corporate responsibility

As an insurance and reinsurance group, we adopt an international and interdisciplinary approach with a view to finding solutions that are viable for the future. In this way, we make tomorrow's world insurable. Corporate responsibility has been part and parcel of our Group strategy for many years. » more

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# Living up to our responsibility – Corporate responsibility at Munich Re

"Turning risk into value" - this is the Munich Re maxim we have anchored in our mission statement. We are committed to our corporate responsibility towards our stakeholders. To honour this commitment, we have made responsible action corporate responsibility – part and parcel of our strategy and have firmly embedded it in our organisation.

Munich Re's guiding principle is to create sustainable value and conduct its affairs in a responsible manner. We are fully convinced that only by taking this holistic approach can we secure the long-term success of our integrated business model. It is in particular to our clients and investors that we guarantee continuous value creation, in giving full consideration to ecological and social aspects in the interests of our staff and for the benefit of society as a whole.

### Insurance is a commitment to the future

The business model of insurance is built on the insurer's ability to always meet the obligations assumed under its contracts. Insurers are occasionally not released from these obligations until decades later - our clients' confidence in our financial stability is hence the basis of our business. That is why our business model is inseparably tied to the know-how needed to assess risks and to long-term, responsible management. The manner in which Munich Re manages risk and deals with clients is therefore marked by a prospective and prudent approach.

# Organisational anchoring of corporate responsibility

In 2008, we assigned the field of corporate responsibility to a separate unit at our Munich headquarters. This unit is incorporated in Group Development, which is also responsible for the development of Group strategy and reports directly to the Chairman of the Munich Re Board of Management. The unit performs tasks for the Group and for both business segments reinsurance and Munich Health. At ERGO, corporate responsibility is also an integral part of its corporate strategy and directly assigned to the Chairman of the Board of Management. A separate unit within the inhouse corporate communications department coordinates implementation between the various departments.

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# Responsibility in action – Corporate Responsibility at Munich Re

Ladies and Gentleman,

A forward-looking and responsible approach – Corporate Responsibility in action – has been an integral part of Munich Re's Group strategy for many years. Our core business, the coverage of insurance and reinsurance risks, represents the unique selling proposition we offer our clients for the future. For that reason, our business model is based on our ability to always meet the obligations assumed under our insurance contracts. That is why we seek to be a reliable partner to our clients, our staff, our investors and also to the society in which we live and work.

A key condition for proper decision-making and responsible action is ongoing dialogue with our stakeholders. For us, this exchange is important not only for promoting mutual trust but also to operate effectively as risk carriers or investors developing solutions for the global challenges we face. Corporate Responsibility therefore also means playing an active role in shaping the future and not standing still.

A recent example of this is the industrial initiative of Dii GmbH, which we established in 2009 in conjunction with the DESERTEC Foundation and other international enterprises. The declared aim of the Dii is to develop a suitable technical, economic, and political framework for carbon-free power generation in the deserts of North Africa and the Middle East. Within the Group, we focus our activities on reducing greenhouse gas emissions. We have already achieved the first milestone in our climate neutrality strategy by making the Munich headquarters carbon neutral in 2009.

Our investments are another key lever proving that we act in a responsible manner. In 2006, Munich Re was the first German company to sign the Principles for Responsible Investment (PRI), which we played a prominent role in helping to establish. We regard adherence to these principles as axiomatic while at the same time continuing to revise and refine our investment guidelines, to further the integration of sustainability criteria.

As a Group, we act responsibly only if all our employees assume responsibility for their actions and activities in their own specific sphere. In the same way that each individual contributes to the economic success of a company, everyone also plays a part in implementing our corporate responsibility strategy. It is important for our staff not only to be experts in their respective field but also to act sensitively when it comes to ecologically or socially critical topics.

Munich Re shares are included in all the important sustainability indexes, such as the Dow Jones Sustainability Index (DJSI) and FTSE4Good Index, which clearly goes to show that we are on the right track. Both listings were again reaffirmed in autumn 2010. We regard this not only as a confirmation but also as an incentive to remain steadfast in terms of our commitment. The ten principles of the United Nations Global Compact to which we became signatories in 2007 are important guidelines that help us shape our strategy and further develop targeted measures.

This internet portal, which also doubles as our progress report for the UN Global Compact, documents in detail how we actually live out our responsibility and what we understand by corporate responsibility. We show what activities Munich Re has been involved in, especially in 2009 and 2010. I would be delighted if you can satisfy your curiosity regarding the contribution we have made towards sustainable development by reading the following pages.

I sincerely hope you enjoy reading the material we have prepared.

Nikolaus von Bomhard Chairman of the Board of Management



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

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# Responsibility determines our actions – Our quiding principles

As a global insurance group, we make it a matter of principle to include in our business model forward-looking and responsible action throughout our organisation. This self-evident approach is anchored in our guiding principles for corporate responsibility, in which we acknowledge our economic, ecological and social responsibility. Our values are in line with the principles of the United Nations Global Compact, which we joined in 2007.

Munich Re acts in line with its own image as a prudent, responsible partner and employer, focusing on a number of declarations and voluntary commitments. Chief among these are the United Nations » Global Compact and the » triple bottom line, both of which underline our objective of consolidating the trust of our staff, clients and investors by setting high ethical and legal standards.

# Benchmark for our actions – The Global Compact

To make our understanding of corporate responsibility values more clearly visible, Munich Re joined the United Nations Global Compact in August 2007. The ten principles of this declaration form the benchmark for our actions throughout the Group and thus provide the fundamental framework for our corporate responsibility.

# "Triple bottom line" - Our three pillars of responsibility

Furthermore, we have made a comprehensive voluntary commitment with our guiding principles for corporate responsibility. In terms of content, we are taking the "triple bottom line" as a basis: gearing our actions to economic, ecological and social aspects. In this, our economic responsibility promotes management that targets longterm value creation rather than short-term profit – something we measure against a risk- and value-oriented return target. A precondition for this is integrated risk management, for which we set very high standards. We have firmly embedded sustainable strategies in our core business and in our asset management activities. In April 2006, for example, Munich Re became the first German company to sign the United Nations Principles for Responsible Investment (PRI), which we played a prominent role in helping to establish.

# **Environmental protection and social commitment**

We consider it our ecological responsibility to protect the environment for future generations, which is why we are actively committed to the preservation of our natural resources. This is also for entrepreneurial reasons: our core business is inextricably linked with ecological aspects. We are directly affected by environmental impacts, such as the growing number of climate-related natural catastrophes. Environmental projection is thus an indispensable component of our value-based management.

Of course, our social responsibility is ultimately based on ethically and legally impeccable conduct – for example via a sustainable human resources policy, where we focus firmly on a corporate and leadership culture that rewards performance, promotes individual responsibility and facilitates personal development. We also ensure that our staff are able to combine career and family. For us, social responsibility also means a commitment to social projects in which we can actively contribute our knowledge of risk, among other things.

Munich Re guiding principles for corporate responsibility



# Related Topics

- » Principles for Responsible Investment (PRI)
- » Facts & Figures: GRI-Index and **Global Compact**
- » Corporate Responsibility at Munich

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# CR AT MUNICH RE

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# Areas for action in corporate responsibility at Munich Re

Munich Re has systematically integrated responsible and sustainable development in all of the Group's main areas of activity. This means that on a daily basis, we assume responsibility in the diverse activities of the Group when handling the global challenges described in the various sections of this portal: Climate change, Global finance markets, New technologies and Demographic change.

The structure of this portal reflects our understanding of corporate responsibility and highlights our areas for action.

# Responsible management

In the section "Responsible corporate management", we give an overview of the terms we have set ourselves as a framework for long-term-oriented corporate development, and which have led to the sustainable development of the Munich Re share – even in times of crisis. Alongside effective corporate governance, we also attach particular importance to risk- and value-based management. As an international investor, we give priority to responsible management of our assets (see "Asset management"), and because we are a non-manufacturing company, so too are our staff members (see "Responsibility towards staff"). We consider honest and transparent communication with our stakeholders an indispensible requirement for Munich Re's long-term success (see "Stakeholder dialogue").

# **Developing sustainable products**

The section "Sustainable products" describes the specific application of corporate responsibility in our core business: the assumption and management of insurable risks. In this section, we focus on those products with which we provide answers to the challenges we have set ourselves. A comprehensive and international knowledge of risk makes us a competent partner for our clients, with whom we work together to develop solutions appropriate to their needs. The structure of this section is aligned with that of Munich Re's fields of business.

# Commitment to environment and society

We describe our activities outside of our core business in the section "Commitment". The subsections "Environment", "Society" and "Foundations" make it clear that Munich Re is facing up to its social and ecological responsibilities.

Finally, the section "Facts and figures" substantiates Munich Re's corporate responsibility activities with data.

# Munich Re's corporate responsibility action areas

Responsible management	Sustainable products	Commitment
Responsible corporate management	Reinsurance	Environment
Sustainable investment	Primary insurance	Society
Responsibility towards staff	Munich Health	Foundations
Stakeholder dialogue	Asset management	

# Related Topics

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- » Sustainable products
- » Commitments
- » Facts and figures

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# Milestones of our corporate responsibility

As an insurance and reinsurance group, we adopt an international and interdisciplinary approach with a view to finding solutions that are viable for the future. In this way, we make tomorrow's world insurable. We seek to achieve a balance between economic, ecological and social requirements. For this reason, corporate responsibility (CR) has long been an integrated part of our Group strategy.

The following examples show milestones of our corporate responsibility.

### **2010**

# Relaunch of the corporate responsibility portal

Munich Re devises a new concept for its CR web presence and for the related internal and external reporting on this topic.

# Earthquake disaster in Haiti, floods in Pakistan

Munich Re contributes to emergency aid and reconstruction with donations for the two countries.

### ISO certification confirmed

The implementation and quality of the environmental management system at our Munich headquarters are again successfully certified.

# Climate neutrality at our Munich site

As resolved in 2007, we are able to make our Munich site » climate neutral. We aim to achieve climate neutrality for the whole reinsurance group by 2012.

# **2009**

# Founding of Dii GmbH for generating power in the desert

At Munich Re's initiative, thirteen partners including Munich Re set up the Desertec Industrial Initiative planning entity (Dii). Its long-term goal: solar and wind power generated in the desert.

# Submission of the first COP

In our Communication on Progress (COP), the obligatory report to be submitted by companies that have signed the UN Global Compact, we publish information on our CR targets and their achievement.

# ERGO life insurers tested by the German technical inspection agency TÜV

ERGO's two major life insurers Hamburg-Mannheimer and Victoria have their service quality tested by TÜV Süd for the first time and are rated "good".

# **EU GreenBuilding Award for MEAG buildings**

Three new MEAG buildings are placed on the list of official partners of the EU GreenBuilding Programme: the Cologne Oval Offices, the Westgate in Cologne and Munich's Sonnencarree.

# MEAG sets up the FairReturn investment fund

This mixed fund, geared specifically to foundations, is managed according to sustainability criteria. The investment objectives are a positive performance in line with the capital markets and the achievement of plannable earnings.

# World's first microinsurance against floods

In collaboration with various partners, Munich Re devises a microinsurance product for the inhabitants of the Indonesian capital of Jakarta, providing them with cover against the economic consequences of flood.

# Signet Solar – New insurance solution for photovoltaic modules

Together with industrial insurance broker Marsh and photovoltaic producer Signet Solar, Munich Re launches a new insurance solution to cover the risk of a performance deterioration in photovoltaic modules.

# **Expansion of Munich Re's compliance system**

After the introduction of an ombudsman function at Munich Reinsurance Company in 2008, the ombudsman's brief is extended to the whole Group with effect from 1 May 2009. Anti-fraud management is significantly strengthened by way of this Group-wide whistle-blowing system.

# **~** 2008

# Munich Re signs up to Climate Principles

Munich Re is one of the first companies to sign up to the Climate Principles. The aim of this initiative is to emphasise the important role that financial service providers play in the transition to a low-carbon energy industry.

# MEAG launches KlimaStrategie equity fund

With its new KlimaStrategie equity fund, MEAG gives private investors the opportunity to invest in companies involved in adaptation measures or solutions for climate change.

# ERGO adopts CR guiding principles

ERGO's Board of Management endorses the corporate responsibility guiding principles adopted by the Munich Re Board of Management in 2006, taking them as the basis for ERGO's own CR activities.

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# ERGO implements its own code of conduct

On the basis of Munich Re's Code of Conduct, ERGO defines its understanding of legally impeccable behaviour, based on ethical principles, at all employee levels.

# Research partnership with the London School of Economics (LSE)

Munich Re supports the multi-year research programme of the Centre for Climate Change Economics and Policy (CCCEP) at the LSE. Its goal is to analyse – at the interface between climate research and economics – the risks and opportunities for the insurance industry.

# **2007**

### **Joining Global Compact**

Munich Re commits itself to complying with the UN Principles for Corporate Responsibility (UN Global Compact).

# **Establishment of the Corporate Climate Centre**

All Munich Re's activities relating to climate change are pooled in one centre of competence. This comprises a network of staff from across Munich Re's fields of business.

# Announcement of climate neutrality target for Munich Re

A resolution is taken to make the Munich site climate neutral by 2009 and the whole reinsurance group by 2010.

# Sustainability portal

An interdisciplinary internet portal is created to report on all the relevant topics of corporate responsibility Group-wide.

# **MEAG** introduces code of conduct

MEAG defines its understanding of legally impeccable behaviour, based on ethical principles, at all employee levels, taking Munich Re's Code of Conduct as a basis.

# **2006**

# Commitment to sustainable and responsible corporate management

In its mission statement, Munich Re commits itself to transparency, sustainability and social responsibility. Corporate responsibility becomes an integral part of Munich Re's Group strategy.

# Establishment of a corporate responsibility management function

As a sign of the great importance Munich Re assigns to this sector, the CR management function is located in the Group Development Division, which reports directly to Munich Re's CEO.

# Implementation of a code of conduct

Munich Re sets out its definition of legally impeccable behaviour, based on ethical principles, at all employee levels.

# Commitment to PRI and their establishment

Munich Re becomes the first German company to sign the UN Principles for Responsible Investment (PRI), which it plays a prominent role in helping to establish.

# Implementation of anti-fraud management

The main elements and principles of a Group-wide anti-fraud system are laid down.

# ▼ 2005 to 2001

# 2005

# 125 years of handling risk

Munich Re celebrates its 125th anniversary and sets up the Munich Re Foundation. The latter's mission is to minimise risks for people throughout the world, particularly in developing and emerging countries, through prevention and education projects.

# Establishment of the Dr. Hans-Jürgen Schinzler Foundation

Open to all current and former Munich Re employees worldwide, the foundation aims to support staff in their voluntary work in various areas of society.

# GIG - Sustainability criteria for investments

Munich Re's globally binding General Investment Guidelines (GIG) specify that our investments in shares, corporate bonds, bank bonds and government bonds must meet certain sustainability requirements.

# 2004

# renewables 2004 conference

Munich Re takes part in the International Conference for Renewable Energies (renewables 2004). The conference outlines the path towards global development of renewable energies.

# Tsunami catastrophe

Munich Re responds to the tsunami catastrophe in Thailand with both monetary and non-monetary donations.

# 2003

# Launching of MEAG Nachhaltigkeit mutual fund

Besides considering the traditional criteria for investments in shares or bonds – return, risk and liquidity – this fund also considers specific sustainability aspects.

# Creation of a company medical centre

A central company medical centre for individual consultancy and treatment of employees is set up. The prophylactic healthcare services it provides include check-ups and influenza vaccinations.

# Successful EMAS recertification and introduction of ISO 14001

Munich Re meets further standards: successful EMAS recertification and first-time certification to DIN EN ISO 14001 for environmental management systems, thus making Munich Re's standards comparable at international level.

# Certification of Victoria Krankenversicherung AG

Victoria Krankenversicherung AG in Düsseldorf is certified to EMAS and to DIN EN ISO 14001. In addition, the UK headquarters of D.A.S. is certified to DIN EN ISO 14001, a first for a legal protection insurer.

2002

# **German Corporate Governance Code**

On 6 December, Munich Re's Board of Management and Supervisory Board publish their first declaration of conformity with the recommendations of the Government Commission for a German Corporate Governance Code.

2001

# First environmental statement

Munich Re publishes its first environmental statement under the title "Perspectives".

# Sustainability indices

Munich Re is included and henceforward listed in the two most important global sustainability indices, the Dow Jones Sustainability Index and the FTSE4Good.

▼ 2000 to 1974

2000

# Establishment of an ISO 14001 environmental management system

Munich Re establishes an environmental management system according to ISO 14001 at its headquarters in Munich. As from 2008, the Munich and Milan offices use only green electricity.

1999

# **UNEP FI (United Nations Environment Programme Financial Initiative)**

Munich Re becomes an active partner in the financial initiative of the UN environment programme.

1998

# Participation in the Environmental Pact of Bavaria

The participants in the Environmental Pact of Bavaria undertake to save resources and use environmentally sound technologies. The objective is to achieve "environmentally compatible economic growth".

# EMAS (Eco-Management and Audit Scheme) certification for Victoria Versicherung AG

The ERGO company Victoria becomes the first insurance company in Europe to be certified to EMAS at its various sites.

1990

# "Victorianer helfen" ("Victorians help") is founded after German reunification to provide development assistance in eastern Germany.

The association begins by providing assistance for the village of Mechterstädt in Thuringia.

1973

# Munich Re warns of the consequences of climate change for the first time

In a publication on flooding, Munich Re addresses the increasing concentration of carbon-dioxide and the related climate change for the first time, and proposes analyses for determining how far climate change could change the pattern of weather-related natural catastrophes.



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# Responsible corporate governance practices

Corporate governance is not just about satisfying legal requirements, which is why we also have our own internal Code of Conduct based on high ethical and legal standards. » more

# Corporate governance creates lasting value

Good corporate governance creates lasting value. We therefore subscribe to the highest standards and are committed to the division of responsibilities within Munich Re's management. » more

# Compliance – Laws, rules and codes

Munich Re has clear objectives and values, and our staff follow rules and principles. Organisational and control measures are in place to help ensure that we act in accordance with the laws and regulations that govern our activities. » more

# Anti-fraud management - Measures against economic crime

The bigger the company and the more complex the structures, the greater the risk of fraud. Munich Re addresses this risk through anti-fraud management and fraudprevention measures. » more

# Corporate governance guided by risk management

Risk management is a vital part of corporate governance. It underpins our financial strength, enabling us to meet our obligations to clients, creates sustained value for our shareholders and, in addition, protect Munich Re's reputation. We achieve these objectives through global risk management encompassing all areas of our operations. » more

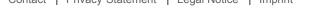
# Value-based management

Munich Re aims to create long-term value for its shareholders, clients and staff. We use value-based, constantly updated management systems to achieve that goal. » more

# Sustainable investment: Munich Re shares

Munich Re is fully committed to sustainable management and this is reflected in our share price. Our shares, with their favourable risk/return profile, constitute an attractive investment. » more

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# Living up to our values – Managing responsibly

There is more to corporate governance than satisfying legal requirements, As well as complying with the laws of the countries in which we operate, we have our own internal Code of Conduct that sets high ethical and legal standards. Prudent management practices and ethically responsible conduct are cornerstones of Munich Re's long-term success.

Our objective is to create responsible and sustainable value. That justifies and inspires the confidence of our investors, clients and employees - and of the public in general. Our actions are governed by national and international codes and standards. The » codes of conduct introduced at Munich Reinsurance Company in 2006, the reinsurance group and MEAG in 2007, and ERGO in 2008 set out what we understand by legally impeccable behaviour, based on ethical principles. Each of these codes is a basis for the observance of further » compliance rules within all Munich Re units. We act in accordance with the ten principles laid down in the United Nations » Global Compact, of which we became signatories in September 2007.

### Checks and balances

Within Munich Re, we have set up a clear management structure, which is a fundamental part of responsible corporate governance. Our Board of Management and Supervisory Board define and control our strategic orientation, ensuring that we comply with the applicable laws and directives, and apply the appropriate risk management controls.

A decentralised network of compliance officers ensures that our staff observe the relevant laws, internal regulations and codes of conduct. We have a Reputational Risk Committee, comprising experts from various units, which is consulted on reputational risk matters and assesses the ethical legitimacy of our activities.

The larger and the more complex the company, the greater the risk of fraud. As well as financial consequences, this can have far-reaching implications for a company's reputation. Munich Re's effective anti-fraud management and fraud-prevention measures thus play an important part in ensuring that we act in a prudent and responsible manner.

# Risk management and value-based management

Munich Re creates long-term value by practising disciplined financial management. A key component here is risk management, which serves to bolster the financial strength of the Group. One of the main responsibilities of Munich Re's Board of Management therefore entails supervision and control of risks.

Optimal corporate governance is also the basis for disciplined financial management, ensuring sustained value creation. Our comprehensive risk management framework underpins our financial strength. One of the main responsibilities of Munich Re's Board of Management is to exercise Group-wide supervision and control.

Managers at all levels agree that our stated intent is to create sustainable economic value for our shareholders, clients and staff, and we pursue this goal through a Groupwide value-based management system, which applies to short-term transactions and long-term commitments.

Just how successful this combination of control instruments is can also be seen from the favourable overall evolution of Munich Re shares. They are an attractive and profitable investment for those seeking responsibly managed companies, an area where, thanks to our corporate responsibility strategy, we are among the leaders.

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# Efficient and structured – Our corporate governance

It is our conviction that good corporate governance creates lasting value. We therefore subscribe to the highest standards and are committed to an efficient division of responsibilities within Munich Re's management.

We define » corporate governance as responsible corporate management and control geared to long-term value creation. To ensure that these activities are performed effectively, we apply nationally and internationally recognised standards. Another success factor is the efficient work of our Board of Management and Supervisory Board, and the good collaboration between these bodies.

# Complying with the highest requirements

Given its international orientation, Munich Re has to consider the corporate governance rules of all the markets in which we operate. In Germany, where Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München is registered, these standards are mainly embedded in the German Stock Companies Act and the » German Corporate Governance Code (DCGK). Since 2002, this Code has contained the main legal rules to be observed by listed German companies. Also applicable in our case is the German Act on the Co-Determination of Employees in Cross-Border Mergers (MgVG) and a co-determination agreement concluded in December 2008 on the basis of the MgVG.

# Separate responsibilities, but one common objective

The Board of Management and 20-member Supervisory Board each contribute to effective corporate governance. They cooperate closely to the benefit of Munich Re, as provided for in the dual management system prescribed by law for German joint-stock companies.

The Board of Management is responsible for managing Munich Re and must ensure compliance with statutory requirements and internal corporate directives. The parent company serves as a holding company whose Board of Management has two Board committees – the Group Committee and the Reinsurance Committee, whose tasks and responsibilities are stipulated in the Board of Management's rules of procedure. The Supervisory Board appoints the members of the Board of Management and is involved in fundamental decisions regarding strategic planning and business development. The Board of Management must report regularly to the Supervisory Board on all matters of corporate relevance and its remuneration is geared in particular to long-term corporate performance. Specific types of transaction, such as investments and the disposal of assets of substantial size or individual capital measures, generally require the Supervisory Board's consent.

# Tried and tested efficiency

In compliance with the applicable co-determination regulations, half of the Supervisory Board comprises employee representatives and the other half shareholder representatives. Personnel overlaps between the Supervisory Board and Board of Management are precluded. Suitable candidates for the Supervisory Board are selected on the basis of objective "fit and proper" criteria, in particular their professional abilities and personal qualities, their independence and an adequate degree of diversity on the Board. The Supervisory Board regularly monitors the effectiveness of its work. In the 2009 financial year, the result of this efficiency audit was extremely positive, with consistently favourable evaluations. These were also attributable to the role of the five Supervisory Board Committees. In addition to the Standing Committee, these comprise the Personnel Committee, the Audit Committee, the Conference Committee and the Nomination Committee. The committees deal with specific issues and prepare Supervisory Board resolutions, thus increasing the effectiveness of the Supervisory Board's work.

# Cooperation of the corporate bodies in a German Stock Company



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# Compliance - Laws, rules and codes

Munich Re has clear objectives and values. These include zero tolerance towards corruption and other forms of financial crime. Our staff are bound by Group-wide codes and other internal rules stipulating principles of lawful action and in particular corruption prevention. The necessary organisational and control measures – including appropriate information and documentation systems - help prevent violations of laws and regulations.

» Comliance, i.e. "acting in accordance with applicable laws and internal company directives and principles" (according to the definition in the » German Corporate Governance Code), is an integral part of our corporate strategy. We attach great importance to the fulfilment of high ethical, ecological and social standards. After all, legally correct action and active value management are key to Munich Re's corporate image and integrity.

# Global Compact as the central guideline

To make our understanding of corporate responsibility values clearly visible inside and outside our Group, Munich Re joined the United Nations » Global Compact in August 2007. Its ten principles offer us important action guidelines for anchoring corporate responsibility even more firmly in the processes relating to our core business. The Communication on Progress (COP) is integrated into our corporate responsibility

In our procurement policy, we also aim to achieve a balance in terms of economic, ecological and social aspects. A new purchasing guideline has stipulated since 1 October 2009 that Munich Re (reinsurance) must incorporate a corporate responsibility clause in all new contracts with suppliers and service providers. In this way, we extend the commitments of the Global Compact to our business partners as well.

# **Internal Code of Conduct addresses conflicts**

Another guiding principle of our actions is our » Code of conduct, which describes our understanding of values and has also been implemented by our subsidiaries. It specifies our rules for legally impeccable conduct, based on ethical principles and contains regulations that are binding on all employees, in particular for dealing with conflicts of interest. Furthermore, it outlines a procedure for reporting legal infringements or contraventions and addresses the topics of non-discrimination, environmental protection and data protection. The code is regularly updated and reviewed.

# Systematically expanding compliance management

To optimise the outcome of this value management, we are constantly refining our compliance measures. These include regular face-to-face training, in particular in the area of antitrust law. Other compliance issues are taught by means of e-learning programs, for instance on data protection, information security and insider trading law. There is also a staff training program that deals specifically with the Code of Conduct.

Compliance with rules in all companies of the Group is monitored on the basis of the codes of conduct described. In addition, our compliance manuals define fundamental responsibilities and serve as a foundation for our global compliance management. Questions regarding the guidelines contained in our codes of conduct are answered by the Compliance Officer. He supports the Board of Management in developing and implementing organisational measures that ensure the rules of behaviour at Munich Re are complied with. There is a global network of some 100 officers facilitating the necessary information exchange and monitoring duties relevant to compliance.

# Safe channels of communication and protection of anonymity

Munich Re has introduced a Group-wide reporting system for infringements of laws and regulations. It provides for a rapid communication of such infringements via the Compliance Officer to the Board of Management. Employees thus have the opportunity to report incidents directly to their supervisors, the Compliance Officer or Internal Audit. To additionally strengthen the compliance system, an independent external » ombudsman has been appointed. Employees can report irregularities to him in confidence and, if necessary, anonymously. As an additional early-warning system, the ombudsman function helps detect and prevent financial crime.

# Related Topics

» Risk management

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# Anti-fraud management - Measures against economic crime

The bigger the company and the more complex the structures, the greater the risk of fraud. The financial loss for a company may be considerable, and the consequences for its reputation devastating. Munich Re addresses this risk through anti-fraud management and fraud-prevention measures.

Major financial services providers are increasingly having to implement anti-fraud measures. » Fraud can take forms ranging from straight loss of assets to corruption and manipulation of the accounts. Although there is no such thing as complete protection against fraudulent acts, much can be done to minimise the risks, and so a robust anti-fraud strategy is applied throughout Munich Re in addition to compliance measures. The anti-fraud measures implemented by the individual companies include fraud prevention and detection strategies and plans for dealing with fraudulent incidents.

# **Group-wide methods and standards**

At Group level, Munich Re has established a working group chaired by the Fraud Prevention Officer – the Fraud Prevention Committee – comprising staff representing Compliance, Group Legal, Group Audit and Risk Management. Where necessary, the committee seeks the advice of specialists from units such as Group Com and IT Security. The committee develops anti-fraud management methods and standards to be applied throughout Munich Re.

Each individual Group company operates its own anti-fraud management system based on those standards. The "one-size-fits-all approach" is not appropriate because the circumstances and risks vary from one company or subsidiary to another.

# Fraud prevention officers - Supporting management

In some cases, owing to the size of the company or the nature of its operations, the management is supported by a local fraud prevention officer who introduces anti-fraud measures meeting the needs of that particular company and gives the Board due warning of suspected fraud cases. The fraud prevention officers report internal fraudrelated issues, losses perpetrated from outside the company and operational procedures potentially involving reputational risk for Munich Re. Reported cases of fraud or suspected fraud are thoroughly investigated with the help of the internal audit staff and/or external specialists.

# **Group Audit – Underpinning anti-fraud management**

As well as dealing with compliance measures and being on the Fraud Prevention Committee, Group Audit also helps Munich Re's Board and management fulfil their supervisory duties and implement efficient and effective anti-fraud management. Its auditing support and advice helps to improve our processes, structures and systems and minimise the risks.

# Internal audits boosts effectiveness

Group Audit develops auditing rules, processes, methods and tools to be applied internally in close collaboration with Munich Re's subsidiaries, ensuring that the Board is advised of significant audit-related occurrences and seeing to it that uniform controls are applied at all our subsidiaries. Internal audits, in which the risks are monitored and the effectiveness of the control systems assessed, are key to successful anti-fraud management.

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# Risk management – Guide for corporate governance

Risk management is a vital part of corporate governance. As well as underpinning Munich Re's financial strength, enabling us to meet our obligations to clients, and create sustained value for our shareholders, one of its functions is to protect our reputation. Munich Re achieves these objectives through global risk management encompassing all areas of our operations.

To ensure that our risk management operates efficiently and effectively, we have established specific risk management functions and bodies. Our Integrated Risk Management (IRM) Division supervises risk management Group-wide on the basis of decentralised structures throughout all units of the Group. It is headed by the Group Chief Risk Officer (Group CRO), who – like the CROs in the individual units – is backed by highly qualified interdisciplinary teams. Munich Re issues comprehensive documentation, guidelines and instructions to ensure staff in our risk management organisation and throughout the Group as a whole are kept fully informed of our risk strategy, organisation and processes.

This ensures that our risk management covers all units and avoids gaps in our exposure, creating transparency and ensuring that risks are dealt with in the appropriate manner.

The Chief Risk Officer is a permanent member of Munich Re's Group Committee, the Board of Management forum for strategic concerns. Risk issues are dealt with by the Group Risk Committee.

Assuming risks is an essential part of our business strategy. Our risk strategy defines the scope of risks incurred for our clients and shareholders. At operational level, our risk management encompasses risk identification, measurement, analysis and assessment and the corresponding reporting, limitation (reduction to the desired levels) and monitoring.

# Reputational Risk Committee – Forum for sensitive business issues

We know that a company's success depends to a significant extent on its reputation, and this is especially true of the insurance sector. Munich Re's Reputational Risk Committee deals with reputational risk issues that arise in the course of our day-today business operations. Made up of central and operational division experts and chaired by the Compliance Officer, it verifies the ethical acceptability of our business transactions and ensures we do not take operational decisions involving unforeseen reputational risks. Ready to convene at short notice, the committee can discuss an issue and recommend suitable action within 48 hours.

# MEAG – Winner of Risk Management Excellence Award

In 2009, MEAG won the "Risk Management Excellence Award" presented by private research institute SimCorp StrategyLab in recognition of the consistent implementation of its risk policy. What particularly impressed the jury was the strategic importance MEAG attached to risk management and the fact that appropriate systems, guidelines and processes were already in place long before the financial crisis.

# Related Topics

- » Compliance
- » Corporate Governance
- » Value-based management
- » Challenges: Climate change

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VALUE-BASED MANAGEMENT

SUSTAINABILITY AND MUNICH RE **SHARES** 

# Value-based management – Our management philosophy

Munich Re aims to create long-term value for its shareholders, clients and staff. To achieve this goal, we use » value-based management systems throughout the Group, both for business with short run-off periods and for long-term commitments.

A guiding principle of our entrepreneurial thinking and action is increasing our share price and corporate value on a sustained basis. We implement this principle by consistently using and refining value-based management systems throughout the

# Management system relates risk to profitability

Our risk strategy provides the framework for all our business activity. We have embedded it in our value-based management, according to which we do not assess business activities solely on the basis of their earnings potential but also relative to the extent of the risks assumed. Only the risk-return relationship reveals whether an activity is adding value from the shareholder's point of view or not. Besides valuebased parameters, we observe a range of important additional conditions in managing our business. These include rules of local accounting systems, tax aspects, liquidity needs, supervisory parameters, and » rating agency requirements.

# Value-based management system considers individual features of the business segments

To take into account the characteristics of our insurance business, we use segmentspecific management indicators that serve as pointers in evaluating and comparing business opportunities. We use a » value-added calculation for lines of business largely determined by short-term developments, such as property-casualty insurance and reinsurance. » Market-Consistent Embedded Value (MCEV) is applied to life primary insurance and reinsurance and to the bulk of our health primary insurance, given the long-term nature of these lines of business.

# Strategic and operative planning

An important aspect of our management philosophy is to closely link strategic and operative planning. We do so by presenting our strategies in structured overviews. From these "scorecards", we derive the relevant performance indicators and responsibilities for four focal areas in reinsurance: "financial", "market and client", "process" and "employee". After realigning our brand strategy in primary insurance, our core management system there is now geared to the following target groups: clients, sales partners, capital providers, employees and society.

We clearly assign responsibilities and make the levers for adding value transparent for both management and staff. In so doing we show how much an individual, unit or field of business can contribute to adding value. Our incentive systems for staff at all levels support this clear orientation towards value creation: The higher a staff member or executive is positioned in the management hierarchy, the more strongly their remuneration is based on Munich Re's performance.

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# Munich Re shares – A sustainable investment

Our consistent emphasis on sustainability in our corporate management is reflected in our share price. Munich Re shares and their specific » risk-return profile are an attractive investment. On top of this, Munich Re pursues a policy of open and transparent communication with the capital markets.

Munich Re is committed to the creation of sustained value. This strategy proved its worth in the recent economic and financial crisis, as demonstrated by the performance of our shares. And we are continuing to pursue this strategy consistently. The core of our corporate activities is value- and risk-based management, integrated and active risk management and an all-embracing knowledge of risk. This business policy, which is accompanied by ongoing, open and transparent communication with all capital market participants, ensures that our shares remain a stable and reliable investment. Especially in 2009, our investors benefited from Munich Re's capital strength, tried and tested risk management, and active cycle and portfolio management. Our high level of transparency with regard to leadership and strategy has won a large number of investors, whose confidence in us has continued to grow.

# High standards pay off

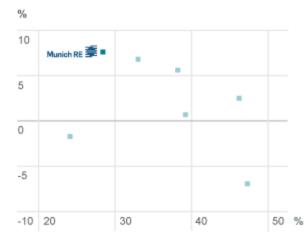
The benefits of our holistic approach can be clearly seen in the successes achieved to date. Since 2001, for instance, our shares have featured in the Dow Jones Sustainability Index and the FTSE4Good. These indices only accept companies that fulfil high ecological and social standards and are among the best in their sector. Munich Re plays a pioneering role here with its corporate responsibility. oekom research AG, one of the world's leading » rating agencies for sustainable investments, has recently confirmed Munich Re's prime status. Based on an evaluation of Munich Re's social and ecological activities, oekom research assigns us a leading position in the field of corporate responsibility.

# Further advantages for investors

Given their favourable performance outlook, Munich Re shares remain a promising stock for many investors. Particularly convincing are their high » total shareholder return and low » volatility. We have been able to pay high dividends and continue buying back shares as planned. Our shareholders also value our responsible corporate governance structures and our firmly established and certified environmental management system. Munich Re's compliance with the UN Principles for Responsible Investment (PRI) in its investment decisions is playing an increasing role for investors and rating agencies – sustainability that pays.

Attractive return for Munich Re shareholders, with moderate risk profile\*

# Total return on shares



Volatility of total return on shares

\*The annualised total return on shares takes into account both the change in the share price and the dividends paid over a five-year period (2005–2009), based on Datastream total return indices in local currency, volatility calculation with 250 trading days per year. Peer group: Allianz, Axa, Generali, Hannover Re, Swiss Re, Zurich Financial Services.



# Related Topics

- » SRI Indices
- » Challenges: Globalised financial markets

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# Investing responsibly based on binding criteria

Munich Re's investments are subject to strict criteria. Not only for that reason does the Group's asset manager MEAG invest Munich Re's money reliably and profitably. Our investments also meet strict sustainability requirements. » more

# Pooling knowledge for sustainable investment management

As the asset manager of Munich Re and ERGO, MEAG pools the know-how in the Group in terms of investment management. The aim is to generate long-term returns and achieve above-average performance for investors. » more

# UN Principles for Responsible Investments (PRI)

Within the framework of strategic investments in the RENT segment, MEAG invests on behalf of Munich Re inter alia in wind and solar parks and in new technologies. This investment segment offers Munich Re a new strategic avenue with attractive returns at acceptable risk. » more

# Project RENT – Investing in the energy of the future

Within the framework of strategic investments in the RENT segment, MEAG invests on behalf of Munich Re inter alia in wind and solar parks and in new technologies. This investment segment offers Munich Re a new strategic avenue with attractive returns at acceptable risk. » more

# Background

"We acknowledge our responsibility" -Interview with MEAG CEO Dr. Thomas Kabisch on asset management of Munich Re

# Related Topics

- » Principles for Responsible Investment (PRI)
- » Facts and figures: SRI Indices
- » Stakeholder dialogue: Shareholder
- » Challenges: Climate change » Challenges: New technologies
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# Investing responsibly – Our capital management

Like all insurance companies, Munich Re is subject to strict security and return requirements. This is not the only reason we are committed to investing our clients' money reliably and profitably. Our investments also fulfil binding sustainability criteria. A complete record of our own investments is a key component in our successful capital management as a guarantee for full transparency and long-term security at minimum risk.

MEAG, the asset manager of Munich Re and ERGO, currently has assets totalling some €200bn in its portfolio. Investments of this magnitude bring a substantial responsibility that we take very seriously. For that reason, security and transparency have top priority. Our investment strategy is stringently geared to » asset-liability management criteria and strict risk management. The asset-liability match ensures that we can always fulfil our short- and long-term obligations to our clients. Subject to this precondition, we optimise our strategic and operative investment decisions.

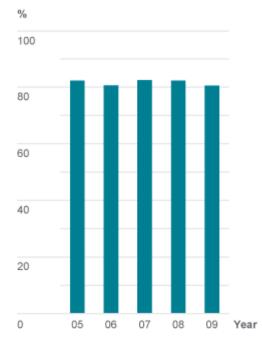
# STAR database creates transparency and security

Knowing your own investments is the surest way to cope with crisis situations. In order to have a clear overall picture of the investment risks at all times, MEAG has developed a comprehensive database in cooperation with the experts in the Munich Re Group: it is called STAR, which stands for Standardised Asset Management Reporting. It keeps a record of every security with all the key data. The aim is to achieve the greatest possible transparency and thus security. The major outlay in STAR has already paid off. Thanks also to the detailed information it provides on the investment portfolio, Munich Re was able to fare comparatively well during the current economic crisis.

# **Sustainable investments – Our General Investment Guidelines**

As early as 2002, we decided that our investments in shares and bonds had to meet sustainability requirements. In 2005, this requirement was set out in our Group-wide General Investment Guidelines (GIG) and extended to include government bonds. Since then, the Group has placed 80% of the market value of these investments in assets included in recognised sustainability indices such as the Dow Jones Sustainability Index.

Share of sustainable investments in the overall investment volume of shares, corporate bonds, bank bonds and government bonds.



investments are placed in securities that fulfil certain sustainability criteria.

On top of this internal voluntary commitment, we consistently took a further step in this direction: In 2006, Munich Re became the first German company to sign the UN Principles for Responsible Investment (PRI). Since the summer of 2009, Munich Re has also held a seat on the Board of the PRI Initiative, whose task it is to raise awareness of corporate governance as well as ecological and social aspects in connection with investments.

# Related Topics

- » Interview with Dr. Thomas Kabisch (MEAG)
- » Principles for Responsible Investment (PRI)

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# SUSTAINABLE ASSET MANAGEMENT

# "We acknowledge our responsibility."

In this interview, MEAG CEO Dr. Thomas Kabisch explains how corporate responsibility is reflected in asset management and why assuming ecological and social responsibility also makes economic sense.

# Dr. Kabisch, MEAG bases its investments on sustainability. Does a good conscience not have a negative impact on yields?

On the contrary, sustainable development is not only a matter of morals or having a clear conscience – it is also about financial success. We have identified sustainability as an extremely profitable investment topic. Practical experience has shown that in comparison with conventional investments, we can systematically generate higher returns with sustainable investments with a higher probability and at the same level of

# Sustainability is on everyone's lips these days. What do you understand it to

We are committed to our responsibility as a global company – our corporate responsibility. That is to say, we take equal account of economic, ecological and social aspects in our entrepreneurial activity. We are conscious of an obligation to our stakeholders, but also towards the environment and society. This is why our asset management follows the approach of » socially responsible investing (SRI).

# What does that actually mean in practical terms?

Our economic, ecological and societal commitments are inextricably linked. Munich Re has been investing according to sustainability criteria for many years now. For us, this kind of investment is an established component of our risk culture. Good risk management helps us avoid risks that are difficult to assess and sharpens our awareness for risk-adequate returns. The prospects for investments in companies with sustainable business practices are better in the long term than conventional investments: not only do they have significantly fewer liability and reputational risks, they also have more satisfied staff. Promoting good staff treatment is not only part of our social responsibility - this factor also has a positive influence on companies' productivity.

# You have described the economic and social aspects of your sustainable approach, which also includes investing according to SRI criteria. Where exactly do the benefits of sustainable investments lie?

First and foremost, they contribute to tackling global challenges such as climate change. And not only that, finding solutions to such global problems brings with it a promise of high innovation, growth and thus performance potential. Companies that use raw materials effectively and thus save costs, that rely on regenerative energy sources and gain independence from oil prices, that develop future technologies and thus tap into new markets are well positioned. And that too has a positive effect on a company's success.

# Insurance companies like Munich Re have recently had to fend off accusations that they slept through the latest stock market rallies.

It must be quite clear to these critics that the financial crisis could have intensified even further. Then the losses would have been higher. Our credo is and will remain that we must never jeopardise security. Munich Re has always fared well with an investment policy based on conservative values. Our clients have always been able to rely on our stability. And even in future they can be assured that our entrepreneurial actions will be guided by a strong sense of responsibility. Our conviction lies in sustainably generating positive returns with security and social responsibility.

# MEAG has set up three sustainable investment funds. What are the main areas they focus on?

We had already established the international equities fund "MEAG Nachhaltigkeit" in 2003. Five sectors are consistently excluded: tobacco, alcohol, gambling, armaments and firearms. We invest around 80% of the fund's assets in international Blue Chips (see GLOSSARY) listed in the Dow Jones Sustainability Index ex All which have proven to be sustainable. The remaining 20% is placed in the shares of small to medium-sized companies with high growth rates and innovative and sustainable business practices. These are the hidden champions which deal in technologies or services such as alternative energies or recycling. The "MEAG KlimaStrategie" equity fund is geared to systematic investment in companies that concern themselves with climate change, either by developing measures to adjust to the consequences of global warming or by providing solutions to reduce greenhouse gas emissions. And "MEAG FairReturn", which we also made accessible to private investors for the first time this year, is a mixed fund largely comprising of European securities which we select while taking sustainability criteria into account. Our investment objective is positive performance in line with the capital markets. After all, we intend to generate plannable earnings. This fund is thus suitable for reinvesting maturing life and annuity insurance policies.

# How successful can one be on the stock exchange with sustainable funds? The prospects for sustainable investments are good here, too. As studies of opportunity/risk profiles by international » rating agencies such as Morningstar have shown, sustainability funds can indeed generate better results than traditional equities. This was particularly apparent during the economic and financial crisis.

# How do you ensure that investments in selected companies or new technologies prove worthwhile?

In this we benefit particularly from the expertise pooled in Munich Re as a Group. For example, if no insurance solution is offered for certain offshore wind farms owing to indeterminable risks, we base our investment decision on the relevant knowledge available from the reinsurance business.



Dr. Thomas Kabisch has been MEAG's CEO since the joint asset manager for Munich Re and ERGO was founded in April 1999. He is head of MEAG's Mandate Management division and thus responsible for the Group's asset management, as well as for MEAG's central functions. Dr. Thomas Kabisch also serves as the Chief Investment Officer (CIO) of Munich Re (Group).

# Related Topics

- » Investing responsibly
- » Sustainable products: Asset management

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# Bundling our know-how - Managing investments

As the asset manager of Munich Re and ERGO, MEAG can draw on the knowhow in the Group and of external partners to complement its own expertise in capital management. It successfully combines its recognised skills and competence, for example in risk assessment and research, with a stringent investment process and many years of capital market experience in portfolio management. The aim is to generate long-term returns and achieve aboveaverage performance for investors.

MEAG is responsible for managing investments within the Munich Re Group. It consistently applies its investment strategy in the interest of the Group and for the benefit of its clients, which include institutional as well as private investors. 80% of Munich Re's investments in equities and bonds follow the principles of sustainable investments.

# A wealth of experience and stable performance

MEAG can draw not only on Munich Re's extensive experience in the area of research and assessment of geo-related and environmental risks but also on that of external rating agencies and research institutions. It combines this with a stringent investment process and exceptional capital market experience in portfolio management geared to sustainability.

The risk-controlled investment approach adopted by MEAG's experts is also geared to long-term, above-average performance. Depending on the specific investment category and focus, the specialists put together fundamental-driven fund portfolios based on a » top-down approach. Taking into account micro- and macroeconomic factors as well as capital market data, MEAG decides on allocation in individual countries and branches of industry. Some 70 experienced portfolio managers are in charge of implementing investment decisions and selecting attractive securities.

# **Excellent risk policy**

MEAG's portfolio managers hold meetings with board members of various national and international companies at regular intervals to find out whether equity or bond holdings should be bought, retained or sold. Such a disciplined investment decisionmaking process ensures that investment funds generally perform above average, leading to prize-winning recognition by independent fund rating agencies. Having received numerous accolades in previous years, MEAG won the SimCorp StrategyLab Risk Management Excellence Award in 2009 "for its prudent and exemplary risk policy".

Given its size and independence from banks, MEAG obtains detailed information from international investment companies as well as low transaction fees. For this, MEAG received yet another award from XTP Transaction Partners for "Best Execution" in the equity section of its funds. MEAG is regarded as having a very good and thus well above-average performance quality in terms of transaction cost analysis.

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# UN Principles for responsible investment

At Munich Re, we are firmly convinced that we have to manage our business responsibly in order to work profitably. This is why our asset management follows the United Nations Principles for Responsible Investment (PRI). We were the first German company to sign these principles and recommendations for action, which we helped to draw up.

A sound investment strategy aligned with ESG (environmental, social, governance) also has a beneficial effect on risk and return. This is why, on 27 April 2006, we were one of the first signatories to the United Nations Principles for Responsible Investment (PRI), which we played a prominent role in drafting. Behind these principles is the view that investment decisions often take insufficient account of the need for sustainable development and thus the needs of future generations.

# Principles and recommendations for action for investment decisions

Six principles were defined in more detail in a catalogue of 35 recommendations for action. These enable institutional investors to take account of ecological and social aspects, together with topics of good corporate governance, in their investment decisions. Since the summer of 2009, Munich Re has also held a seat on the Board of the UN PRI Initiative, allowing us to take an active role in the structure and implementation of the principles. Munich Re is committed to the appropriate and forward-looking fulfilment of the PRI.

The following examples show how Munich Re is putting the six UN principles into

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- » Guiding principles
- » Investing responsibly
- » Challenges: Climate change
- » Commitments: Environmental commitment

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No.	Principle	Examples of measures
1	"We will incorporate ESG issues into investment analysis and decision-making processes." Sustainability ratio	<ul> <li>We apply the best-in-class approach to the investment process, which means that, taking all sectors into account, we select the most sustainable securities from the pool of investible equities and corporate bonds.</li> <li>If two » risk-return profiles are identical, we select the more sustainable issuer.</li> </ul>
2	"We will be active owners and incorporate ESG issues into our ownership policies and practices." Active investor	<ul> <li>We communicate our investment criteria and address these in dialogue with the companies we work with.</li> <li>Our aim here is to motivate companies to improve their SRI rating or achieve a positive SRI rating for the first time. In this way, Munich Re also promotes issuers' awareness for SRI.</li> </ul>
3	"We will seek appropriate disclosure on ESG issues by the entities in which we invest." Sustainability disclosure	<ul> <li>For the funds MEAG Nachhaltigkeit, MEAG KlimaStrategie and MEAG FairReturn, we request information relevant to our sustainable investment criteria from the issuers.</li> <li>We have taken sustainability criteria into account when purchasing real estate since 2007.</li> </ul>
4	"We will promote acceptance and implementation of the Principles within the investment industry."  Patron of PRI	<ul> <li>Wir verstärken die Kommunikation zu den Prinzipien, unter anderem durch Publikationen in der Finanzpresse sowie durch die Teilnahme an Vorträgen und Kongressen zum Thema Nachhaltigkeit.</li> <li>We are stepping up communications on the principles via publications in the financial press and by participating in presentations and congresses on sustainability.</li> <li>RENT (Renewable Energies and New Technologies)</li> <li>MEAG Nachhaltigkeit</li> <li>MEAG KlimaStrategie</li> <li>MEAG FairReturn</li> </ul>
5	"We will work together to enhance our effectiveness in implementing the Principles."  Cooperation to realise the PRI	<ul> <li>Through its membership of the PRI Board, Munich Re is contributing to the further development and propagation of the principles.</li> <li>We are driving the exchange of experience forward with other PRI members in Germany and around the world.</li> </ul>
6	"We will each report on our activities and progress towards implementing the Principles." Reporting on activities and	<ul> <li>We participate in UNEP's annual "PRI reporting and assessment survey".</li> <li>When reporting on PRI, we make use of various communications channels (e.g. financial reports, SRI analyst meetings).</li> <li>Munich Re participates in SRI ratings and allows itself to be measured by its own standards.</li> </ul>

progress relevant to PRI





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# Project RENT -Investing in the energy of the future

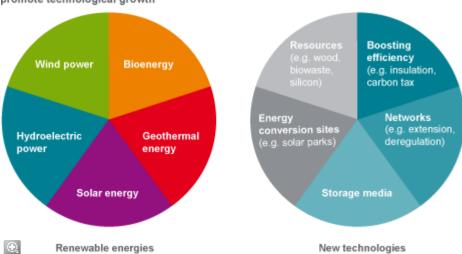
Renewables are the energy source of tomorrow. Munich Re is confident that this is where the future lies, and so we are investing in wind farms, solar farms and new technologies designed to increase generating capacity. Our strategic focus now features a new investment segment - "Renewable Energies and New Technologies" (RENT) – designed to include in our investment portfolio sustainable investments offering an acceptable level of risk and attractive

Our RENT (Renewable Energies and New Technologies) investment project was launched in mid-2010. Since then, Munich Re and MEAG experts and have been sounding out the potential for strategic investment in renewable energy and new technologies, in a move aimed primarily at energy generation from non-fossil sources. We are particularly interested in the efficiency and energy-saving aspects. Our commitment to sustainability also brings with it risk-return advantages, since this form of investment has been shown to be profitable and entail moderate risk.

# Applying all-round knowledge

The RENT initiative focuses mainly on solar and wind farm investments, but we also consider, for instance, geothermal energy, biogas and other attractive projects in the field of renewable energy and new technologies. We assess the risk of the corresponding investments and participations using our expertise in technology and location analysis, areas where our reinsurance specialists have built up substantial experience over the years. Munich Re aims to invest a single-digit billion sum in this segment over the next three years, according to the prevailing market conditions.

# RENT investments, which are spread over a range of renewables sectors, promote technological growth



RENT investments, which are spread over a range of renewables sectors, promote technological growth

# Consolidating synergy effects, developing new products

Our new strategic focus will enable us to exploit synergies between the investment side and our core business, and we are confident that our insurance know-how together with our international location-analysis and technology expertise will be significant advantages with regard to making suitable investment choices. At the same time, the knowledge we gain from working with new renewable energy partners will be a useful resource for the development of new insurance products.

# Related Topics

- » Challenges: New technologies
- » Challenges: Globalised financial
- » Sustainable products: Insurance concepts for renewable energies

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# Responsible HR policies

We reward performance, encourage personal responsibility and facilitate personal development. This guarantees our financial success and safeguards our reputation. Munich Re companies are among the most popular employers. » more

# Successful training and development

Munich Re has a clear objective: to attract the best employees for the Group and ensure they remain with us, and we therefore create a corporate culture that supports personal development opportunities, promotes self-reliance and rewards success and performance. » more

# Fair and performance-related staff remuneration

In the long term we can only secure or – better yet – increase the high quality of our work if our employees are happy. That is why Munich Re's conditions for staff are outstanding. This includes fair and performance-related remuneration that offers everyone equal opportunities and recognition. » more

# Combining career and family

It is possible to balance career and family life if the conditions are right. Munich Re helps through its agreements on flexible working conditions, including attractive working-hour models and practical support. » more

# Health at the workplace – Programmes and measures

The well-being of our staff has high priority. Munich Re is therefore actively and firmly committed to promoting their health. For instance, we offer medical care, sport and leisure facilities and individual measures. » more

# Diversity principle

The different backgrounds, cultures and religions of our staff are a further key factor in Munich Re's success because their manifold experience brings a rich variety of individual skills and strengths – a heterogeneity that helps us meet our corporate objectives. » more

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# RESPONSIBILITY TOWARDS STAFF

# CONSISTENT HR POLICIES

TRAINING AND DEVELOPMENT

FAIR AND PERFORMANCE-RELATED REMUNERATION

WORK-LIFE BALANCE

HEALTH AT THE WORKPLACE

**DIVERSITY** 

# Responsibility for our staff – Consistent HR policies

Our HR policy is firmly based on a responsible corporate and leadership culture. We reward performance, encourage personal responsibility and facilitate personal development. This approach benefits our staff, guarantees our financial success and safeguards our reputation: companies like Munich Re are among the most popular employers.

Globally, some 50,000 staff ensure our success, thanks to their competence, motivation and commitment. Our main focus is to pursue a responsible and fair HR strategy, and we therefore systematically invest in staff development and offer our staff equal opportunities. For many years, Munich Re has enjoyed a consistently low staff turnover rate, and indeed many of our staff have been with us for some considerable time – confirming to us that we are an attractive employer.

# First-class working conditions

Munich Re also creates excellent working conditions and supports the personal and professional development of its staff in a number of ways. We believe that good staff development boosts motivation, and that this has the positive effect of keeping Munich Re on a successful course. Our International Human Resource Committee (IHRC) ensures we maintain high-quality HR standards throughout our reinsurance segment worldwide.

Dr. Peter Seemann, Head of Munich Re's Human Resources: "We aim to attract firstclass staff who will pursue a career in our global opportunities and risks business. We achieve this by clear employer brand positioning – we offer optimum working conditions, excellent opportunities for personal development and a value-based corporate culture." In addition, performance-related remuneration and measures to increase employee satisfaction make Munich Re attractive to potential applicants.

# Upholding proven traditions

Our founder, Carl Thieme, was considered one of the most progressive employers of his time with regard to socio-political thinking. We continue to uphold this tradition by offering our staff the best in terms of provision and support.

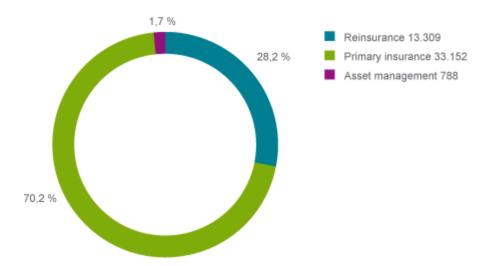
People's social expectations where companies are concerned include many more areas of life now than in the recent past. Munich Re has accepted this challenge and in response we offer a positive corporate culture and excellent working conditions. This mindset pays off, and our name has repeatedly featured among the top employers in the Trendence research institute survey (most recently in 2009/2010). Such achievements can be attributed to our family-friendly work-time models, active promotion of healthcare, diversity principle and performance-based, transparent remuneration system.

# ERGO: Positive working climate worldwide

ERGO's positive working climate is not confined to Germany. For example, ERGO Hestia is the fifth most popular major company employer in Poland, according to an employee satisfaction survey carried out by Hewitt Associates, a leader in the HR field. One reason for Munich Re's positive image is our open information policy: our annual HR report publishes key staff data, creating further trust and transparency.

# Group staff by class of business

As at 31 December 2009

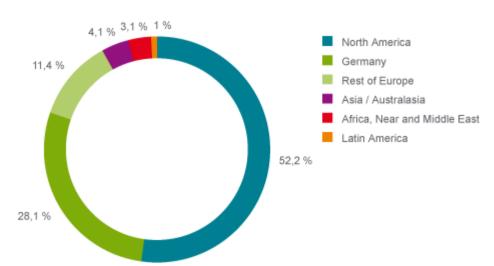


In 2009, Munich Re (Group) employed a total of 47,249 staff. Overall, we have recorded an increase in the number of staff in the Group, due largely to international acquisitions in the reinsurance group. Particularly worth mentioning in this regard is the acquisition of US specialty insurer Hartford Steam Boiler Group (around 2,600 employees). The staff working in Munich Health, the business field which was newly established on 1 May 2009, are currently included in the figure for reinsurance.

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# Staff by region (reinsurance)

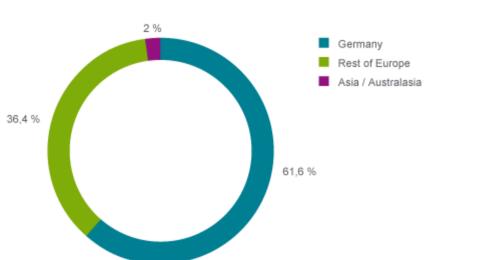
As at 31 December 2009



Over 50% of staff in reinsurance work in North America. North America and Europe together account for 92% of the staff employed in reinsurance.

# Staff by region (primary insurance)

As at 31 December 2009



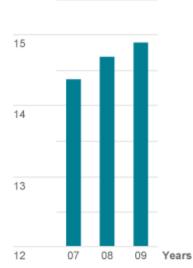
Most of ERGO's staff work in Europe, with staff growth rates increasing outside Germany.

# Length of service at offices in Germany

Weighted average length of service (years)

# Years

16



At the end of the 2009 financial year, the average length of service of Munich Re employees based in Germany was 14.9 years. This figure is evidence of our staff's strong organisational ties and the positive working climate.

# Munich Re (Group) turnover rate\*

Weighted average turnover rate (%)

 $^*$ Data relate to Germany and Munich Re's main offices in North America – on average, these figures cover 55% of Munich Re's total workforce.

Munich Re has a low turnover rate. Our staff identify strongly with the Group. They appreciate that, as an employer, we attach strong importance to interdisciplinary competence, a wide range of jobs, personal development opportunities and a value-based corporate culture.

# Recruitment (reinsurance in Germany)

# No. of staff 400 300 200 100 0 07 08 09 Yes

In Germany, the number of new hires in reinsurance increased substantially between 2007 and 2009.





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# Putting people first – Training and development

Munich Re has a clear objective: we want to attract the best staff for Munich Re and we want to keep them. And so we are committed to a corporate culture that supports personal development opportunities, promotes self-reliance and rewards success and performance. We undertake different HR marketing activities to promote our image among our target groups and highlight career opportunities with Munich Re. In addition, global job advertising and international university networking ensure we find the right, skilled candidates to fill job vacancies.

Munich Re is further consolidating the reputation it enjoys of being an attractive employer on the international stage. As an employer, we are positioning ourselves through our even more focused values. Munich Re stands for a broad diversity of individual skills and challenging jobs in an ambitious and appreciative work environment.

Munich Re now offers more dynamic development opportunities than ever before. For example, Human Resources in Munich launched an international talent management system in 2008, and promotion prospects have been further enhanced to ensure we can count on an excellent pool of talent and maintain our policy of recruiting many of our managers from within our own ranks. For example, in the last three years, over 85% of management job vacancies at Munich Re asset manager MEAG have been filled by internal candidates.

# Training in every field of business

Munich Re advocates lifelong learning. We offer a wide range of training options in each of our best-in-class business fields and at MEAG. Munich Re fosters key skill and specialist staff training by organising seminars, coaching and international assignments. Modern e-learning platforms accessible to staff worldwide are another training option.

Employee expectations have changed, and Munich Re has responded by introducing new career openings and systematic support of management and specialist careers. For instance, in the reinsurance segment, we run a Future Excellence in Leadership (FUEL) management development programme and have established talent development centres, where participants are groomed to assume responsible roles in Germany and abroad. ERGO has its own Management Development Unit, where senior executives are prepared for promotion to the next level. MEAG's Young Manager Programme helps first-year managers make the transition to their new role, and encourages self-reflection and corporate networking.

# Combining work and studies

Munich Re offers its staff practical ways of combining studies and career. In 2008, in close cooperation with the Munich School of Management, Munich Re (reinsurance) launched an in-service Executive Master of Science in Insurance course, which we use in addition for our own staff development. We continue to take part in the Munich Model (apprenticeship training integrated study) insurance course, which is now in its third year. MEAG and ERGO also encourage staff to enrol for in-service study courses by meeting a portion of the costs and granting study leave. For instance, MEAG staff can enrol for the three-year Chartered Financial Analyst (CFA) course and the degree course in Real Estate Economics. To prepare ERGO staff to take on specialist roles, they can undertake part-time Bachelor of Insurance Practice and Insurance MBA courses offered by well-known providers like the University of Leipzig and the German Insurance Academy.

# Investing in the future

Most Munich Re, ERGO and MEAG job vacancies are advertised internally throughout Munich Re, i.e. across brands and regions. Depending on scope and target group, jobs may also be advertised on external internet job portals worldwide, presenting our wide range of internal and external job openings to a global audience in order to attract the right performance-driven, interdisciplinary specialists for the right jobs at Munich Re. These activities are underpinned by international university networking to showcase Munich Re more than ever as a Group focusing on interdisciplinary competence and personal development opportunities, and backed by HR marketing products and programmes such as international career fairs, social media activities and public relations work. Munich Re's targeted training investment and our student and graduate trainee programmes ensure we can systematically attract the necessary talent. For instance, our reinsurance graduate trainee programme, comprising specialist and personal development modules, offers a rewarding and attractive career start. ERGO also runs an international graduate trainee programme that constitutes a valuable pool of skilled staff.



### munichre.com

» Career

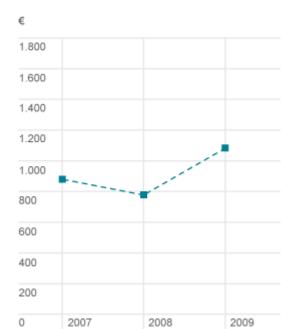
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# Munich Re Group training expenditure\*

Training costs per staff member (€)

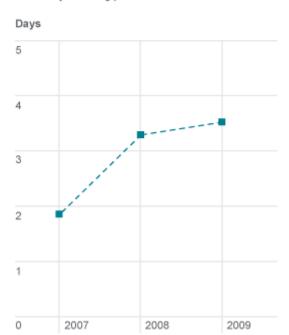


\*Data relate to staff in Germany and Munich Re's main offices in North America.

The training costs are not fully comparable to those of the previous years due to changed and expanded data collection practices at ERGO.

#### Munich Re (Group) training\*

No. of days' training per staff member



\*Data relate to staff in Germany and Munich Re's main offices in North America.

In 2008, training per staff member at Munich Re (Group) averaged 3.3 days, an almost 100% increase over the 2007 figure. This is mainly due to fact that from 2008, data collection was expanded to include primary insurance (ERGO Germany, desk staff only). The reinsurance segment also experienced a strong increase in training days per staff member, thus contributing to the overall trend within the Group.





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# Fair and performance-related staff remuneration

It is our conviction that in the long term we can only secure or - better yet increase the high quality of our work if our employees are satisfied. That is why the conditions Munich Re offers its staff are outstanding. These include fair and performance-related remuneration that gives everyone equal opportunities and recognition. It is also what makes Munich Re an especially attractive employer for staff who show dedication, have an entrepreneurial mindset, and are able to use their initiative.

The remuneration Munich Re pays to staff is designed to promote the success of every individual and of the Group as a whole. Our internal remuneration systems have to be fair, transparent and flexible for, in addition to other factors in our HR policy, they are designed to motivate staff and bind them to us. Reinsurance, for instance, has incorporated in its revised human resources programme variable remuneration structures that give greater weight than before to the individual employee's specific performance and financial success.

#### **Sharing corporate success**

Depending on the function involved, our remuneration models and incentive systems are linked to agreed objectives and financial results. They are made up of two components: in addition to a sound basic salary, employees are paid a variable component based on their personal performance and the success jointly achieved by all. Performance-related remuneration is thus based on the specific objectives individually agreed, and it is discussed in an interview on the achievement of these objectives. The fact that we are constantly revising and updating our all-round remuneration system is a key factor in successful value-based management.

At the Munich site, the Company Result Bonus (CoRe) has been introduced by reinsurance as an annual remuneration component. It allows all employees to share in the company's success and ensures that good overall performance is reflected in their salary. The CoRe rewards staff for special efforts made at all levels and additionally strengthens the managers' individual sense of responsibility.

## Setting a good example

A modern, successful company must take the needs and values of its staff into account and align them with its corporate objectives. Additional benefits have a longstanding tradition at Munich Re (reinsurance), ERGO and MEAG, and great importance is attached to them. They are part and parcel of our overall remuneration concept and mirror our corporate culture. In addition to statutory pension insurance and private provision for old age, company pension schemes are an important pillar of retirement planning. They play a major role in Munich Re's overall package of additional benefits consisting of many attractive components. Moreover, Munich Re and ERGO are members of the German insurance employers' association and have signed the respective collective bargaining agreements.

Munich Re's value-oriented basic approach also includes paying adequate remuneration to students and graduates and offering them the best opportunities for starting their careers. That is why Munich Re has joined the Fair Company Initiative committed to internships providing fair conditions and real opportunities for graduates.



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# Munich Re's helps staff strike the right work-life balance

It is possible to balance career and family life if the conditions are right. Munich Re helps staff to efficiently and effectively reconcile the demands of work and family through its agreements on flexible working conditions, attractive workinghour models and practical support.

More and more employees are seeking to start a family without having to abandon their careers. Others must care for a family member. At Munich Re, a variety of working-hour models accommodate staff and their different needs. These include parttime and flexitime agreements as well as assistance with childcare. The broad offering is rounded off by arrangements that help employees ease back into their jobs.

Uniform rules thanks to the Family and Career internal company agreement Since 2002, the measures set out in the Munich Re Family and Career agreement have made it easier for staff working in the reinsurance group to reconcile their personal and career aspirations. In this agreement, we commit to assisting particularly those parents who devote the majority of their time to child raising – be it because they are single parents or because their partners are the main breadwinners. When it comes to granting part-time contracts, we thus give preference to those parents actually raising the children. The internal company agreement also includes additional payments for necessary special expenses as well as a childcare allowance paid to parents returning to their jobs after parental leave.

#### Helping parents find childcare for their offspring

Munich Re works with a number of service providers that help staff find good childcare. Company childcare centres have reserved places for staff children, which especially helps women return to their qualified positions. In addition, independent family services offer assistance in securing tailor-made care for children of staff or for other family members. Competent contacts at Munich Re's main locations in Germany provide staff with information about the different options available to them for striking the right balance between career and family. At the reinsurance head office in Munich, parents can also consult the Staff Council Committee on equal opportunities, family and career. At monthly information events, parents receive answers to their questions about maternity and parental leave.

## ERGO makes a strong case for families

According to ERGO's internal agreement on the reconciliation of career and family (December 2008), every workplace is generally considered suited for part-time work if employees temporarily need to take time out for family reasons. For instance, employees are free to complete their weekly working hours in four rather than five days or to exercise a part-time job with a reduced number of working hours for a period of three years (parental leave entitlement).

"Parents also have the opportunity to book one of two fully equipped workstations in the parent-and-child office with a play corner. This offer, which is currently only available in Düsseldorf, will soon be introduced at other locations," says Katrin Peplinski, ERGO's Equal Opportunities Officer.

## **Outstanding family-friendliness**

In June 2010, the certificate for "audit berufundfamilie®" was awarded to ERGO's administrative centres in Berlin, Hamburg, Cologne, Mannheim, and Munich. This certificate is granted by the non-profit Hertie Foundation committed to promoting the balance between career and family. Together with its head office in Düsseldorf, which received the accolade in 2002, all major German ERGO administrative centres have now been awarded this certificate. In its human resources policy, ERGO uses the audit berufundfamilie® as a valuable strategic management tool for family awareness.

The many measures agreed for reconciling work and family have long been available not only to staff with children but also to staff who need to care for family members. One of these measures, which is unique in all of Germany, is the opportunity to take a "family phase" sabbatical for up to twelve months. Staff are paid half of their salary during the period in question as well as for an equivalent amount of time in active employment after that.

## Facilitated reintegration

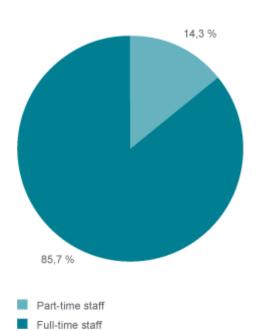
Munich Re makes every effort to encourage its female staff to return to work after the their maternity leave ends. To ensure that young mothers do not lose touch with their employer, ERGO has established a parents' network. In addition, parents are offered the opportunity under certain circumstances to either work from home or convert special payments into leisure time.



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## Munich Re (Group) staff by type of employment:

Part-time and full-time employees as at 31 December 2009



\*Data relate to Germany and Munich Re's main offices in North America – on average, these figures cover 57% of Munich Re's total workforce.

We regard giving our employees the freedom to determine their own working hours as an investment in the future. In 2009, 14.3% of Munich Re employees worked part-time.



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# Health at the workplace – Programmes and measures

The well-being of our staff has high priority. Munich Re is therefore actively and firmly committed to their health. For instance, we offer medical care, sport and leisure facilities and individual measures.

As a responsible employer, we are committed to the mental and physical fitness of our staff. That is why a broad health promotion and disease prevention programme is an integral part of our corporate strategy.

#### **Extensive healthcare**

The healthcare we offer our staff is far more extensive than required by law and includes advice, medical care, sports programmes and individual measures to reintegrate staff after long absences due to illness.

We assist employees that have been away from work for a prolonged period – for instance owing to illness, pregnancy or parental leave – in reintegrating into the workplace in the manner best suited to their needs. Munich Re takes great care not to jeopardise its employees' complete recovery, especially after prolonged periods of illness. Careful reintegration measures are therefore in place.

#### Scrupulous health promotion and illness prevention

Munich Re scrupulously and effectively complies with the occupational safety requirements imposed by law. We provide our staff with information on the ideal ergonomic sitting position at the desk, tips on effective relaxation techniques and advice on further prevention measures. A number of Munich Re sites have their own company medical officers. These inform staff about recommended vaccinations, instruct them on what to do in case of acute health risks and provide advice on occupational health.

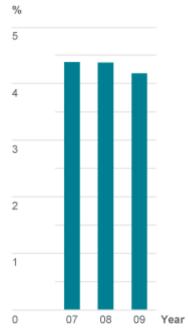
Munich Re promotes its staff's physical and mental well-being both on and off the job. Employees have a variety of sports, fitness and relaxation options open to them. Company-own fitness centres, swimming pools and sports halls, such as the recently inaugurated back centre in Düsseldorf, offer a wide range of activities to stay fit or simply relax. ERGO has one of the most extensive sports programmes in all of Germany. ERGO sports, as it is called, has a portal with a comprehensive overview. Here, sports buffs can rapidly and easily access all the sports activities on offer, along with the relevant dates and people to contact at the various sites. Activities range from classical ball games and running sports, e.g. football, volleyball, basketball and marathon, to somewhat more unusual sports, such as dragon boat rowing, beach volleyball and table football. In many of these disciplines, ERGO sports also regularly organises international tournaments and staff competitions.

## Professional social counselling

We attach great importance not only to our staff's physical health but also to their emotional well-being. That is why Munich Re has social counsellors at various sites in Germany to help staff with difficulties at work or at home. In addition, all employees are entitled to obtain support from psychologists and psychotherapists under the Employee Care and Work-Life Services programme. Work-Life Services at the Munich head office, for instance, organises mediation in case of conflicts at the workplace.

A number of measures are envisaged, some of which have been designed specifically for older staff members. For instance, Munich Re (reinsurance) is planning to participate in the PFIFF project sponsored by the German Federal Ministry for Labour and Social Affairs, which is aimed at developing a work structure suited to the elderly. This programme comprises cognitive training and the strengthening of individual resources, e.g. instruction in methods for coping with stress.

# Munich Re (Group) sick leave\*



\*Data relate to Germany and Munich Re's main offices in North America - on average, these figures cover 57% of Munich Re's total workforce.

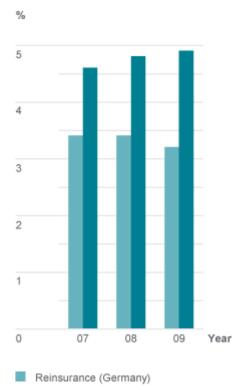
Sick leave levels at Munich Re were low throughout the years from 2007 to 2009, in fact decreasing from 4.4% to 4.2% over that period.



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Sick leave in respect of reinsurance staff (in Germany) and insurance staff



German insurance staff

In 2009, the level of sick leave at the Munich headquarters continued to be significantly below the German insurance industry's average (3.2% compared with 4.9%).





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# Diversity is our strength – Diversity at Munich Re

The different backgrounds, cultures and religions of our staff are a further key factor in Munich Re's success because their manifold experience brings the same rich variety of individual skills and strengths – a heterogeneity that helps us meet our corporate objectives.

Munich Re's HR strategy has consistently pursued the objective of staff diversity over the years, the diversity of our staff being to us a major plus point. We nurture this diversity by applying an HR strategy that takes particular account of the principle of equal treatment. We have no doubt that each individual's strength and experience contributes to Munich Re's success.

### **Diversity among equals**

Staff diversity is a key aspect of Munich Re's corporate culture and so we will not tolerate discrimination – whether based on age, gender, ethnic origin, cultural identity, religious beliefs, political opinions or similar grounds. On the contrary, equal treatment and non-discrimination are enshrined in Munich Re's codes of conduct that embody what we consider to be correct and responsible ethical principles for corporate action. ERGO has appointed a central equal opportunities officer to ensure the rules are respected at its offices in Germany.

ERGO signed the Diversity Charter in 2009, emphasising its commitment to employee diversity. Signatories agree to create a work environment free from prejudice and exclusion. The charter includes an undertaking to review internal HR processes at regular intervals, primarily to ensure that the diverse skills of all staff members are respected.

#### Women in management

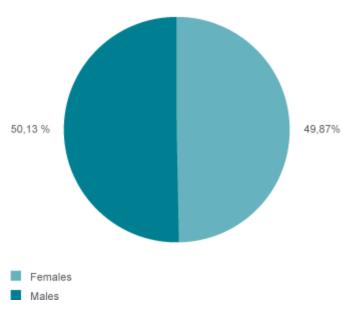
Thanks to active support of our female staff, we now have more women managers. ERGO has launched a cross-mentoring project, a development programme under which women management candidates are mentored by a manager who advises them on personal and professional development issues. Women managers are also supported at our offices abroad. For instance, Munich Re in London is sponsoring the Women's Insurance Network, which promotes the development of women in the insurance sector.

## Equal treatment for people with disabilities

Equal treatment for the disabled is one of our prime concerns, and our efforts in this area go considerably beyond what is required by law. Munich Re (reinsurance) in Munich has worked with integration establishments for many years. ERGO's stance on this issue was documented in July 2008 in an agreement in which it undertakes to accord greater consideration to people with disabilities in its staff recruitment. An integration team made up of representatives of the employees, staff council and staff with disabilities is responsible for ensuring that the requirements are applied in the long term. ERGO also invests in training and health programmes for people with disabilities. At ERGO service centres in Spain, customer telephone enquiries are dealt with by disabled staff. Inspired by this idea, ERGO Hestia in Poland has set up a foundation along similar lines.

## Munich Re (Group) staff by gender\*

As at 31 December 2009



\*Data relate to Germany and Munich Re's main offices in North America - on average, these figures cover 66% of Munich Re's total workforce.

The proportion of men and women employed at Munich Re has remained relatively stable over the past few years at around 50% each.

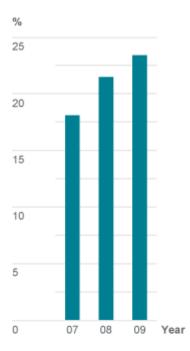


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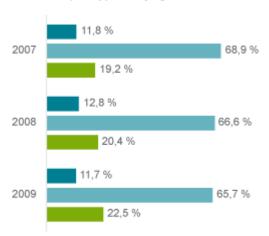
# Percentage of females in management positions in the Munich Re Group\*



\*Data relate to Germany and Munich Re's main offices in North America – on average, these figures cover 66% of Munich Re's total workforce.

Equal opportunities is an important aspect of Munich Re's human resources policy. The proportion of women in in all fields of business has risen in the course of the last few years, reaching 23.37% in 2009.

#### Munich Re (Group) staff by age\*



- Percentage of staff aged 51 and older
- Percentage of staff aged from 30 and 50 years
- Percentage of staff aged 29 and under

\*Data relate to Germany and Munich Re's main offices in North America – on average, these figures cover 57% of Munich Re's total workforce.

The figures indicate a slight but continuous rise in the number of employees over 50 years. The number of employees between 30 and 50 fell slightly whereas the number of employees under 30 remained relatively stable.



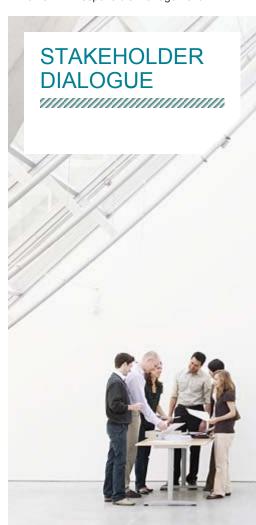


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# Dialogue with our stakeholders

Munich Re has always valued open and ongoing dialogue with our stakeholders. This not only promotes mutual understanding and trust but also helps us to identify social issues and trends with a view to finding individual solutions. » more

#### Employees as partners

With their professional knowledge and dedication, our staff are an essential ingredient of Munich Re's success. We therefore attach great importance to maintaining a constructive dialogue with them, thus creating the basis for mutual understanding and trust. » more

#### Solution-oriented client management

Munich Re pursues a central goal throughout the Group: to be a reliable partner for our clients - one that identifies their needs and devises joint solutions with them. We therefore offer each of them tailored products and services. » more

#### Intensive communication with our shareholders

Shareholders and other players on the capital markets are among Munich Re's most important stakeholders. Intensive communication with them is part of our corporate strategy geared to sustainable appreciation in value. Feedback from the capital markets provides important input for our operations. » more

## Social commitment

Communication with our stakeholders helps us to win support in society for our entrepreneurial activity. At the same time, we contribute our knowledge to public debate. We cultivate a wide range of contacts with stakeholders from various sectors.

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# STAKEHOLDER **DIALOGUE**

# IN DIRECT CONTACT

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# In direct contact – Our stakeholder dialogue

Munich Re has always valued open and ongoing dialogue with our stakeholders. This is not only the basis for promoting mutual trust but also helps us to identify social issues and trends with a view to finding individual solutions.

Communication with our » stakeholders at local, national and international level is a cornerstone of our corporate responsibility. Our stakeholders' expectations represent important stimuli for Munich Re. We are committed to creating added value for both sides through a dialogue-based approach. Our stakeholders include in particular our staff, our insurance and reinsurance clients, and capital market players. Also important for us are the media, politics and administration, trade unions, » non-governmental organisations (NGOs), scientists, associations and initiatives.

#### Our stakeholders' interests and expectations

The interests and expectations of our stakeholders differ considerably. Our staff, for example, seek equality of opportunity, a stable work-life balance, and good opportunities for development. Particularly relevant for our clients, on the other hand, are systematic consumer protection and transparency, with clear and precise information about our products and insurance solutions. For our shareholders, the predominant requirements are an attractive return and transparent reporting. Munich Re satisfies these different wants and needs with individually tailored communications.

#### Actively involving staff

Our staff contribute substantially to Munich Re's success with their professional knowledge and commitment. We therefore promote open communication with our employees as the basis for a productive partnership between staff and managers. Cooperation with staff representative bodies and a range of feedback channels are just some of the measures with which we meet our ambitious management performance goals.

## Adding value for clients with individual solutions

Our central objective is to be a reliable, solution-oriented partner for our clients. In reinsurance, our most important client stakeholders are primary insurers from over 160 countries. For ERGO's primary insurance companies, on the other hand, the focus is mainly on private clients and to some extent on firms. To meet the expectations of the different target groups, our client management is tailored to their personal and individual needs.

# Keeping shareholders fully informed

We cultivate an ongoing and open dialogue with private and institutional investors, and also with » rating agencies and analysts. Through extensive reporting and one-on-one meetings, we create transparency and provide up-to-date and reliable information on the opportunities and risks of our business.

## Prompt and interactive communication

Besides employees, clients and shareholders, there are other important stakeholders with whom we maintain contact. These include figures from politics and science, nongovernmental organisations, the media and interested members of the public. We use a whole range of channels and instruments for prompt and interactive communication with our target groups, from individual meetings to webcasts.

## Munich Re stakeholders



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# Open and fair – Dialogue with our employees

With their professional knowledge and dedication, our staff are an essential ingredient of Munich Re's success. We therefore attach great importance to maintaining a constructive dialogue with them – staff surveys and dialogue events are just some of the measures designed to provide opportunities for participation and the basis for mutual understanding and trust.

Our employees are Munich Re's most important capital and crucial to our quality as a service provider. We therefore have ambitious targets as regards management performance, promoting communication and dialogue as the basis for a productive partnership between staff and managers.

## Codetermination and participation

Our staff actively help shape developments through their participation in many bodies and processes within Munich Re. Munich Re's employees in Germany elect representatives to exercise their various codetermination rights at corporate level. Since 2007, there has also been a staff council for the Group as a whole.

Munich Reinsurance Company and ERGO are members of the German insurance employers' association. As such, they undertake to comply with the pertinent agreements on collective bargaining. Employees also have equal representation on Munich Re's and ERGO's supervisory boards.

#### Ongoing dialogue between managers and staff

Munich Re's staff and managers throughout the world are in constant communication. Regular feedback such as annual performance appraisals help both sides to improve individual skills and performance. Besides this, forums such as cross-divisional colloquia or the Schliersee discussions foster the exchange of ideas and knowledge between staff at all levels. ERGO holds regular discussion rounds entitled "Im Gespräch" ("In dialogue"), in which members of the Board of Management and senior executives answer employees' questions on current issues. This was supplemented in 2010 by a pilot staff survey at the primary insurance companies. In reinsurance and asset management, staff have the opportunity to provide feedback on their line manager's performance in a "leadership monitoring" survey.

Our managers work to make their collaboration more efficient and networked. Multiday dialogue events are an important instrument for enabling executives to share experience across business fields.

With its Young Manager forum, MEAG additionally offers a coaching programme specially geared to prospective managers. In reinsurance, too, Board and senior management maintain close contact with management candidates via various platforms, e.g. for mentoring and discussions about the future. Great importance in this context is attached to imparting dialogue-oriented management skills.

# Munich Re's internal communication channels

All companies in the Group offer their staff a wide variety of forums for the exchange of information. These include regular events in which they are informed about Munich Re's latest activities. At the same time, we have established a range of internal communication channels through which we report on topics related to Munich Re on an ongoing basis. Examples are the online magazine "go ahead" for the Group, reinsurance and Munich Health, and the staff magazines "ERGO.magazin" and MEAG.COM.

## Related Topics

» Responsibilty towards staff

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# Our client management – needs-based, solution-oriented, versatile

Munich Re pursues a central goal throughout the Group: to be a reliable partner for our clients - one that identifies their needs and devises joint solutions with them. We offer specially tailored products and services to fulfil the individual expectations of the target groups in our different fields of business.

In reinsurance, the focus is on business-to-business transactions – corporate clients in over 160 countries are our most important » stakeholders. We cooperate with them as partners to find innovative solutions and thus add value for both sides. ERGO's operations as a primary insurer are mainly business-to-client, concentrating on personal lines insurance. However, ERGO also offers firms convincing solutions in commercial and industrial insurance. In both cases, our main focus is on cooperative dialogue in which we take the needs of our clients – the policyholders – seriously.

#### Transparency and systematic consumer protection

Important aspects of ERGO's sales management are transparency, data security and client focus. Above all, the insurance group attaches great importance to systematic consumer protection. An internal » code of conduct, group-wide data protection guidelines and a data protection officer ensure that the relevant legal parameters are complied with. Sales staff are also given training that goes beyond the purely legal requirements, including extensive qualification and advanced training measures.

ERGO keeps its clients up to date about products and services, and policyholders can naturally contact us via the internet, e-mail or phone and manage their policy data online if they wish. We regularly have our operations tested with a view to continually enhancing our customer service.

#### Solution-oriented approach and knowledge transfer

Munich Re's reinsurance companies also know the expectations of their clients, the approximately 4,000 insurance companies worldwide. We do our utmost to meet our clients' individual needs by adopting a solution-based approach. Our offerings range from the provision of capacity to the development of holistic, cross-line solutions for capital management. On request, we provide our clients with exclusive risk-related services going beyond this – from client seminars to the automatic assessment of natural hazards exposure. We also promote dialogue and knowledge transfer with scholarship programmes for upcoming insurance professionals. The Horst K. Jannott Scholarship and the Alois Alzheimer Scholarship are the most prominent examples. In these two programmes, each lasting three months, we offer prospective managers at our primary insurance clients a first-rate opportunity for further vocational training.



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# Open and direct – Dialogue with our shareholders

Shareholders and other players on the capital markets are among Munich Re's most important » stakeholders. They have a central influence on the financial parameters of our business. Intensive communication with them is therefore part of our corporate strategy geared to sustainable appreciation in value. Feedback from investors, analysts or » rating agencies provides important input for our operations.

Capital market players are interested in a solid return with low volatility. We are glad to meet their need for detailed, up-to-date information on Munich Re. Consequently, we are in continual contact with investors and other market participants such as rating agencies and analysts. In one-on-one meetings, roadshows, phone calls or via the internet, we provide them with detailed information on the opportunities and risks of our business.

#### Management answers questions

Munich Re's management regularly informs investors in depth about our strategy and business model. In 2009 alone, senior executives presented Munich Re's strategic and financial development at more than 40 roadshows, predominantly in the USA and Europe. Management also held over 100 individual meetings with investors and analysts at our offices.

## Best connections with Munich Re

Our activities are not only geared to institutional investors: private investors can contact Munich Re directly at any time as well. We have achieved top places in insurance-sector rankings for the quality of companies' investor relations. A recent example is the highly reputed Extel Survey 2010: investors and analysts put Munich Re second in the European insurance sector. Capital market experts also appreciate the consistency and transparency of our reporting and quality of our roadshows.

#### Live and up to the minute – Information on the internet

All the presentations we use in our events for analysts and investors are published on the internet. Many of our events are transmitted live via webstreaming. Our 123rd Annual General Meeting in Munich in April 2010, for instance, in which around 4,000 investors took part, was broadcast in full online.

## Shareholder portal with extensive service

On the webpages of our shareholder portal, we provide shareholders with a great deal of extra information and services related to Munich Re shares. The portal gives them the comfortable option – anywhere, anytime – of managing their registered shareholder data, registering for the AGM or ordering documents electronically.



#### Related Topics

» Sustainable investments

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# Joint solutions - Communication with our stakeholders

Communication with our » stakeholders helps us to win support in society for our entrepreneurial activity. At the same time, we contribute our knowledge to public debate. We therefore cultivate a wide range of contacts with the media, partners in the field of science, » non-governmental organisations (NGOs), politics and administration as well as the general public.

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Active dialogue with representatives of public interests, politics, science and society is a natural part of our activities. These may be state institutions or NGOs, associations, trade unions or the media. They each represent different interests and concerns that need to be taken into account – a basis for achieving mutual acceptance and trust.

### Swift and reliable: Dialogue with the media and the public

Our companies' press departments inform the media and interested members of the public quickly and transparently about our business operations and current topics on which we possess specialist knowledge. These include natural catastrophes and the » pandemic risk, for example, or the consequences of climate change and innovations like photovoltaic systems. We use a variety of online and offline channels to communicate actively and openly with journalists – from regular topic-related press workshops to webcasts.

#### Lively exchanges with interest groups, politics and science

We aim to play our part in finding solutions in public risk debates and maintain an ongoing dialogue with a large number of other players. Thus we contribute our knowledge to a broad range of interest groups. Our long-standing cooperation with Germanwatch in the field of climate policy, for instance, led to the establishment of the Munich Climate Insurance Initiative (MCII) in 2005. In this project, representatives of industry and the public together elaborate insurance-related solutions to mitigate the effects of global warming. As a member of the UNEP FI Insurance Working Group (IWG), we work for greater consideration of ecological, social and governance (ESG) factors in the insurance industry.

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» Challenges: Climate change

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# SUSTAINABLE PRODUCTS

# Breathing life into Corporate Responsibility

Corporate responsibility is also reflected in Munich Re's products and services, which bring us financial success and are in keeping with the needs of the environment and society. We offer tailored solutions and services that give our clients the assurance they need in the face of global issues like climate change impacts.

The factor common to corporate responsibility and insurance it that at the core of both lies a promise for the future. The concept underlying insurance is the fulfilment of contractual obligations, some of which may last for several years so that, as a global risk carrier, we are very much aware that a prospective, prudent and responsible approach is crucial to our success.

Munich Re's products and services across the board reflect our responsibility as insurers. Many of our insurance solutions have a clear emphasis on corporate responsibility. The policies, services and models concerned are featured in our section on sustainable products and categorised by field of business. Each of them embodies what we understand by corporate responsibility. Specific examples are given in the five categories listed below.

## Enabling – Exploiting opportunities

Munich Re develops innovative coverages for complex new risks, so that our clients can invest in responsible ways. For instance, we offer a unique policy covering 25-year performance warranties given by photovoltaic cell manufacturers.

## Facilitating – Applying knowledge

We use our insurance expertise to encourage our policyholders to act in a manner that reconciles financial, environmental and social interests. For instance, ERGO promotes environmental protection by offering a 10% discount on its motor insurance rates for eco-friendly vehicles.

# Consultancy – Long-term view

Our global expertise also enables us to give clients all-round advice that helps them to deal with global challenges. For instance, in Abu Dhabi, Munich Health and state-owned Daman National Health Insurance have set up a » public-private partnership which advises insureds on ways of preventing diabetes, cardiovascular and other common diseases.

# Responsible investment

Private and institutional investors are able to invest their money just as sustainably as Munich Re and ERGO – for instance with Munich Re asset manager MEAG's KlimaStrategie equities fund, which invests in companies whose business model aims to reduce greenhouse gas emissions and promote climate protection.

## Knowledge sharing

Munich Re works with associations, NGOs, politicians and scientists round the world to find solutions to global challenges. For instance, since 2008 Munich Re has partnered the London School of Economics and Political Science (LSE) in research quantifying the financial impacts of climate change. The findings will constitute a basis for strategic decisions on the opportunities and risks involved for the insurance industry.

#### Reinsurance



Munich Re's objective in the 130 years of its existence has been to anticipate tomorrow's risks and make the future insurable. We are a driver of profitable long-term growth, developing new, tailored products and solutions. » more

# Primary insurance – Sustainable insurance products and services



ERGO's products also take social developments like growing environmental awareness into account, with cutting-edge insurance solutions.

» more

# Munich Health – Global health expertise



Munich Re's global healthcare insurance and reinsurance expertise is pooled in its Munich Health brand. More than 5,000 staff at 26 locations worldwide offer clients and partners throughout the world top products and solutions. » more

## Asset management



Years of experience, all-round know-how and sustainable investment management are MEAG's hallmarks. The Munich Re and ERGO asset manager is among the market leaders in Europe. As well as managing Munich Re's global investments, MEAG also offers its expertise to private and institutional investor clients. » more

## Related Topics

- » CR at Munich Re: Areas for action
- » Challenges: Climate change
- » Commitments: Environment

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# Mastering global challenges

Keeping an eye on the risks of tomorrow and making the future insurable – this has been Munich Re's claim for the past 130 years. Hence our focus on driving profitable long-term growth and developing new, needs-based products and solutions. » more

#### Promoting renewable energy

We provide expertise and innovative insurance solutions that promote the development and propagation of renewable energy sources, Whether becalmed wind turbines, cloud cover or an unsuccessful geothermal drilling project, Munich Re delivers risk-transfer solutions for new types of risk. » more

#### Generating power from the desert

In summer 2009, Munich Re and the DESERTEC Foundation launched the Dii industrial initiative, which aims to meet a substantial portion of European energy requirements with solar power plants in the Sahara. » more

#### Our NatCatSERVICE

Windstorms, floods or earthquakes – Munich Re has kept records of global loss events and data for nearly four decades and has built up the world's most comprehensive nat cat loss database: NatCatSERVICE. » more

#### Globe of Natural Hazards

Munich Re's wealth of knowledge in the field of natural hazards, natural catastrophes and climate change is not only relevant in the insurance context. The "Globe of Natural Hazards" interactive DVD, released in February 2009, is the first map giving a global overview of climate effects and natural hazards. "> more

## Microinsurance covers combat poverty

Munich Re (reinsurance) helps to fight poverty by offering microinsurance in developing and emerging countries. In many parts of the world, Munich Re uses its knowledge in public-private partnerships to develop new solutions. » more

# SystemAgro provides optimum crop insurance

Munich Re has developed a successful crop insurance system: SystemAgro helps farmers to cover their increasing need for agricultural raw materials and at the same time to protect themselves against the consequences of climate change. Public-private partnerships are the foundation for attracting the necessary investments and facilitate close interaction between farmers, the government and agricultural insurers. » more

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# Mastering global challenges - Reinsurance

Addressing tomorrow's risks and making the future insurable have been Munich Re's claim for the past 130 years. We therefore focus on sustained, profitable growth and develop new, tailored products and solutions. That this is appreciated by our clients can be seen from the results of the well-known Flaspöhler cedant survey, in which Munich Re was voted best European » reinsurer once more in 2010.

We reinsure primary insurers against major man-made and natural catastrophe risks. In addition to conventional forms of reinsurance, we provide all-round services, including consultancy, and complex risk solutions. Our international and interdisciplinary approach produces concepts that make tomorrow's world insurable.

## Success based on risk expertise

With » premium income of around €25bn, we are one of the world's leading reinsurers. Our success is founded on our solid capital base, responsible management and risk expertise – qualities from which our clients also benefit. Our recipe for success is to anticipate risks and deliver integrated, tailored solutions.

#### Munich Re – Number one choice for cedants

Our extensive knowledge gives us a major advantage, and the unique expertise of our 13,300 reinsurance staff worldwide regularly scores top marks in cedant surveys. We again won the best overall global reinsurer category in the key Flaspöhler survey in 2010, several hundred respondents from 42 countries voting Munich Re the sector's number one.

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# Renewable and low-carbon – The energy of the future

Munich Re believes that renewable energy has a key part to play in the transition to low-carbon energy. We provide expertise and innovative insurance solutions that promote the development and propagation of renewable energy sources, because the exploitation of wind, solar radiation and geothermal heat sources is accompanied by uncharted entrepreneurial risks. Whether becalmed wind turbines, cloud cover or an unsuccessful geothermal drilling project, Munich Re can deliver the right risk-transfer solutions.

The focus will increasingly be on renewable energy sources for two reasons. Firstly, they help reduce greenhouse gas emissions. Secondly, unlike oil, coal and other fossil fuel resources, supplies are inexhaustible and thus sustainable. However, tapping into the energy supplies of the future brings with it new entrepreneurial risks, for many of which Munich Re can provide risk transfer solutions and programmes, paving the way to a low-carbon future.

#### New policies - Making projects viable

Munich Re's expertise facilitates growth in the renewable technology sector and develops insurance solutions promoting the use of renewables. Many of the projects are only possible thanks to our products, the generation of energy being subject to a special type of risk that is beyond our control – namely weather conditions. The rapid growth of this sector has given rise to the need for new and enhanced insurance solutions. We have risen to this challenge and so, whatever the risk – becalmed wind turbines or cloud cover over a solar park – Munich Re provides innovative, customised coverage programmes that give technology developers, operators and investors the necessary planning certainty.

## Munich Re's wind-farm covers

There is always a risk that wind farm output will fall short of operators' and investors' expectations. Rotors may stop turning during windstill conditions, and turbines have to be shut down in windstorms. Munich Re offers innovative solutions such as loss-of-earnings cover, for instance on an annual basis.

#### Special cover for offshore facilities

Offshore wind technology shows that developing renewable energy sources can often bring new challenges. Although offshore wind farms are expected to generate far more energy than onshore, the investment risk is substantial. It takes approximately three years of technological and logistical effort before they are operational and ready to withstand the elements, so that the construction phase alone can be problematical for engineers, investors and insurers. With the extensive experience we have gained from offshore-wind-farm insurance products and our work with research institutes, we can help assess the risks and determine the conditions under which they can be insured.

## Solar cell warranty covers help manufacturers' balance sheets

Solar cell manufacturers generally give a 20-year performance guarantee — considerably beyond what is required of them by law, setting up a corresponding provision against loss or damage claims in the balance sheet. However, Munich Re's experience and calculations show that it is more economical to insure against such eventualities. Munich Re offers performance warranty covers that take the strain off the manufacturer's balance sheet.

# Promoting geothermal energy – Exploration risk insurance

Geothermal heat can now be exploited thanks to modern technology: deep-heat mining techniques are used to extract water at temperatures of more than 100°C so that it can be used in commercial applications such as district heating systems, steam for industrial processes and electricity generation. However, the exploration risk is still a major investment hurdle, the success of such ventures being far from certain, despite painstaking and costly preparatory work. Munich Re believes geothermal energy could one day make up a large share of the renewable energy mix, and geothermal energy generation and risks are items on our strategic agenda, to date primarily in Germany but in future the USA will also be included. In 2003, Munich Re became the first insurer to develop a policy covering the costs of unsuccessful geothermal drilling projects.

More insurance solutions and further details of the above examples can be found in our "Munich Re newables" brochure.



The world's largest photovoltaic power plant at Beneixama in Spain has been supplying the electricity grid since 2007 and currently generates 60 megawatts. Munich Re facilitates growth in the renewables market.

#### Related Topics

- » Project RENT
- » Challenges: New technologies

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» Focus topic Climate change

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# Power from the desert – An electrifying vision for Europe

To facilitate the transition to low-carbon energy, Munich Re, together with the DESERTEC Foundation, has launched the Dii industrial initiative, which aims to construct solar thermal power plants in the Sahara Desert that will supply a substantial share of Europe's energy needs. This initiative affirms Munich Re's desire to reconcile commercial interests with sustainable development and social responsibility.

In July 2009, Munich Re initiated and hosted one of the world's most ambitious renewable energy projects. The Memorandum of Understanding setting up the Dii planning entity was signed by twelve companies, and Dii GmbH came into being on 30 October 2009. Since then, the consortium's energies have been devoted to providing the technical, economic, political and social framework needed to realise a bold vision that traces its origins back to 1913: to meet the energy needs of many parts of Europe, the Middle East and North Africa using electricity generated by solar power stations in the Sahara Desert. The goal for 2050 is to use most of the energy generated to meet demand in the producer countries and cover 15% of Europe's needs. The electricity will be transported to Europe via a high-voltage direct-current grid.

#### Backing climate protection and increasing development opportunities

Ernst Rauch, who is in charge of the project that set up Dii within Munich Re, explains why a reinsurer is backing the project: "The desert power initiative could bring about a drastic cut in Europe's carbon emissions, so that we would be helping to achieve climate-protection targets and avoid future climate-change losses."

The project has high potential in economic, ecological and social terms. Firstly, it can promote energy security in Europe, the Middle East and North Africa ( » EUMENA). Secondly, by bringing private-sector investment it will boost growth and development prospects in the » MENA producer countries.

### Improving living conditions, safeguarding core business

A major share of the renewable energy generated will not be exported but used to power desalination plants in the MENA region. In this way the project can do much to improve regional drinking water supplies.

Munich Re's involvement in Dii GmbH is a prime example of our strategy of using our expertise and skills to make the future insurable, whilst ensuring our long-term profitability. Indeed, the development of natural catastrophe business going forward depends on our ability to keep climate-related natural catastrophe losses within manageable proportions.

## Venturing into new territory, seizing investment opportunities

Our commitment to low-carbon energy can also bring new business. Innovative renewable technology requires state-of-the-art coverage programmes that minimise the risks of developers, producers and investors. This is true in the field of water, wind or solar energy. We are well up on the latest developments and can offer the right risk-transfer solutions. In this way, as well as helping to mitigate climate change, we are creating client and investor value.

As one of the world's major investors, we aim to maintain a diversified portfolio with increasing emphasis on direct investment in renewables. Our involvement in Dii GmbH gives us an opportunity to play an even more active role in the transition to climate-friendly energy.



The Dii industrial initiative was launched on 13 July 2009. Here, the signatories proudly present the Memorandum of Understanding.

#### Related Topics

- » Challenges: Climate change
- » Challenges: New technologies

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» Focus topic Climate Change - Power from the desert

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# Natural catastrophe records and analyses – Munich Re's NatCatSERVICE

Windstorms, floods or earthquakes – Munich Re has kept systematic records of global loss events and data for nearly four decades and has built up the world's most comprehensive nat cat loss database, which now has over 28,000 entries: NatCatSERVICE. We use these data on past and current events to assess risks and devise tailored solutions for our clients. They are also a source of information for scientists and politicians.

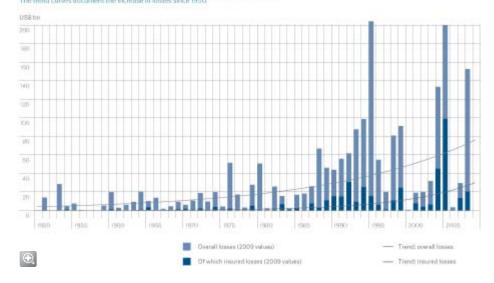
Globally, hundreds of earthquakes, windstorms, and floods occur every year. Recent decades have seen a sharp increase in the number of natural catastrophes and much heavier losses. This is a major challenge for the state, for the commercial sector and for the insurance industry as risk carrier. Our ability to address the risks and identify nascent trends relies to a large degree on the documentation and analysis of natural catastrophes. NatCatSERVICE plays a major role in this.

#### Unique natural catastrophe archive

Munich Re's NatCatSERVICE records and analyses go back nearly four decades. Apart from documenting the basic details of each event, i.e. loss date, type of event and main loss area, the focus is on overall and insured losses and number of fatalities. Each entry includes a full description of the event, giving a good indication of the loss pattern and loss development details. Some 800 to 1,000 new events are added to the database each year.

OVERALL LOSSES AND INSURED LOSSES -ABSOLUTE VALUES AND LONG-TERM TRENDS

The chart presents the overall losses and insured losses - adjusted to present values



Munich Re's NatCatSERVICE keeps systematic records of natural catastrophes. The photo shows a screenshot from the database. Click on the image for a larger view.

# Working basis for global institutions

Although NatCatSERVICE was originally developed for insurance industry users, its reputation has now spread beyond the insurance sector. Known to be a reliable source, its analyses and data are used by the insurance industry, the public, the media, scientific institutes, the United Nations, the World Bank, the International Red Cross (IFRC), universities, environmental agencies, public authorities and environmental associations.

NatCatSERVICE can be used to assess the extent and intensity of natural hazard events in different parts of the world. It analyses regional and global exposures and identifies trends. Thus, Munich Re can offer clients a range global and national statistics and analyses, loss lists, maps, individual event reports and surveys.

## NatCatSERVICE sources

The loss information documented and verified in NatCatSERVICE is drawn from over 200 sources selected by event-type and region. A wide variety of sources are used to ensure loss estimates are as accurate as possible. They include our own internal sources, press agency reports, insurance press articles, meteorological services and scientific research.

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# Mapping the risks – Globe of Natural Hazards

Munich Re's wealth of knowledge in the field of natural hazards, natural catastrophes and climate change is not only relevant in the insurance context. Our expertise can also help politicians and society fulfil their role in loss minimisation. The "Globe of Natural Hazards" interactive DVD, released in February 2009, is the first map giving a global overview of climate effects and natural hazards.

As a reinsurer, Munich Re has acquired outstanding global expertise over the decades that is not only key to our role as insurers but also relevant outside the insurance context. Politicians and society bear significant responsibilities because they can influence risk exposure and reduce loss potential, for instance by using land appropriately bearing in mind its level of exposure and by laying down and applying building regulations.

#### Pooling geoscientific research findings

Our interactive "Globe of Natural Hazards" DVD is a prime example of the knowledge we have built up and of its relevance to society. It comprises 35 years' geoscientific research findings and data analyses. We make this information available not only to our clients but also, for example, to politicians and the general public.

Originally conceived as a wall-map in 1978, this product has become a standard reference work for the identification and risk management of natural hazards. Munich Re is thus setting risk-analysis and assessment standards, promoting awareness among its clients and adding value to the underwriting of complex risks.

#### Natural hazards and climate-change risks in DVD format

The interactive DVD of natural hazards and climate effects was launched in February 2009. Cartographic details are presented on a globe against a satellite-image background. The user can home in on any location in the world to check on the local hazard situation.

As well as exposure zones, complex knowledge modules can be accessed, featuring past catastrophes, megacities, and change processes, and displayed on the globe. Climate-change aspects have now been fully integrated: different climate effects are depicted and regions identified where exposures are likely to change in the future.

## NATHAN internet application

The "Globe of Natural Hazards" DVD is also the basis for a Munich Re online application: NATHAN (NATural Hazards Assessment Network). NATHAN uses high-resolution maps and satellite images to facilitate the identification of individual risks. This risk management tool automatically geocodes complete portfolios and assesses natural hazard exposures. The latest version is available to registered clients on our connect.munichre client portal.



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# REINSURANCE

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SYSTEMAGRO

# Microinsurance - Protecting livelihoods in emerging countries

We help to combat poverty by offering » microinsurance in developing and emerging countries. The policies are tailored to the needs of the local population. In many parts of the world, Munich Re uses its knowledge in » publicprivate partnerships to develop new solutions globally, and a pilot scheme set up on these lines in Jakarta has been very successful.

In the world's 100 poorest countries, only 3% of men and women in the low-income bracket have access to insurance products. At the same time, many such countries suffer natural catastrophes like floods, severe storms and earthquakes. The inhabitants - artisans, tradespeople as well as those working in the informal sector risk losing their livelihoods from one moment to the next, and facing poverty. We believe that no one should find himself in that kind of situation, and we are therefore committed to doing something about it.

#### Playing our part for society

Consequently, Munich Re as a reinsurer, in partnership with insurance companies and other institutions, is offering such people affordable insurance policies tailored to their needs. Microinsurance is an offshoot of the » microloan model which achieved worldwide success. Microinsurance can substantially improve the lot of local populations and play a social role in combating poverty. For instance, in Jakarta, Indonesia, where again and again people's livelihoods are threatened by floods.

#### Public-private partnership for pilot project in Indonesia

In May 2009, Munich Re, Indonesian insurer Asuransi Wahana Tata and the German Agency for Technical Cooperation (GTZ) launched a joint pilot scheme. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the inhabitants of some areas in Jakarta were invited to insure against social risks caused by flooding.

This gave rise to the first ever, "no-frills" insurance card, not involving complicated rules or exclusions for the insured – a simple, efficient, service-oriented solution. The pilot scheme was very successful, giving us an opportunity to gain a wealth of experience in dealing with the special products and potential distribution channels in the context of a public-private partnership. We are now applying this experience in current microinsurance schemes in various parts of the world.

## The microinsurance segment is a growth market

Not only does microinsurance have a positive and stabilising effect on local society. It is also a sustainable way for local » primary insurer to do business. Microinsurance is also an investment in the future for Munich Re (reinsurance). We agree with the experts that it is a growth market, and Munich Re therefore offers microinsurance products via reinsurance and in the primary insurance (ERGO) and Munich Health segments.



The first 500 cards are handed over to district representatives free of charge.

#### Related Topics

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# SystemAgro – Taking on global challenges

Munich Re's crop insurance system is globally successful: SystemAgro helps farmers cover their growing need for agricultural raw materials and protect themselves against the consequences of climate change. Public-private partnerships are the foundation for attracting the necessary investments and they provide for close interaction between farmers, the government and agricultural insurers.

Climate change is causing natural disasters at ever shorter intervals. This is a major threat, especially for agriculture. The shift in vegetation periods has led to an increase in frosty spells; hail, drought and floods destroy entire harvests. Such damage can affect whole regions and reach staggering loss figures.

## Food production up 70%

At the same time, the world is undergoing a transformation. In the coming decades, the world's population will expand drastically, and there will be a change in dietary habits and lifestyles as a result of growing affluence and a rising need for bioenergy. Developments like these trigger a boost in demand for agricultural raw materials. The Food and Agriculture Organisation (FAO) of the United Nations regularly releases pertinent publications and statistics. According to the FOA, a 70% increase in world food production will be needed by 2050 in order to feed the expanding global population – a major feat given the risks of climate change and persistent rural exodus.

#### Safe investments and shared risk

To ensure that this increasing demand can be met in the long term, investments in seed, fertiliser and/or technology are needed. These can only be obtained if the risks of significant losses owing to natural catastrophes are insured. Comprehensive crop insurance cover guarantees continued production in the next season, even after a poor harvest. Past experience has shown that effective crop insurance cannot be borne by the private sector alone. The weather risks involved are significant, and agricultural production is completely at their mercy as it is tied to a specific location. A community of insureds is therefore indispensable.

### SystemAgro – Transparent insurance system for all

Munich Re has combined in SystemAgro the experience it has gained over the last 30 years of crop insurance systems worldwide. SystemAgro currently covers over 200 million hectares of farmland and comprises precisely those elements that make for sustainable and successful crop insurance systems. The insurance system is based on a » public-private partnership and integrates corresponding law into national agricultural policy. The state participates in the insurance premiums and catastrophe losses, and the costs remain calculable for it. SystemAgro is a transparent risk management system with uniform insurance conditions. It is open to all farmers and reliably minimises their specific exposure to natural hazards. By concluding multi-peril crop insurance under SystemAgro, farmers boost their credit standing and are enabled to make plans and secure financial protection. SystemAgro thus provides an effective response to the pressing challenges that climate change, population growth and the globalised agricultural markets pose.

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# Product trends at ERGO

In developing its products, ERGO also takes into consideration social developments such as the population's increased environmental awareness. The primary insurer devises insurance solutions for these client needs at an early stage: particularly lowcost policies for environmentally friendly cars, for example.  $\mbox{\ensuremath{\text{\textbf{w}}}}$  more

## Policies for environmental protection

Environmental protection plays a core role in many ERGO products. Examples of this are insurance for lost revenues at solar installations on rainy days, and "green pensions". » more

## Tailored microinsurance products

ERGO offers microinsurance products tailored to the financial situation and personal circumstances of people in emerging countries. For example, in a pilot project, the inhabitants of rural southern India can insure their cattle. » more

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# ERGO – Sustainable insurance products and services

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In developing its products, ERGO also takes into consideration social developments such as the population's increased environmental awareness. ERGO develops insurance solutions for these client needs at an early stage: particularly low-cost policies for environmentally friendly cars, for example. In this way, aspects of sustainability find their way into ERGO's range of » primary insurance products and services.

The ERGO Insurance Group offers a wide range of primary insurance products and services. In developing these products, the Group takes macro-societal processes into consideration. ERGO has responded early to the population's increased environmental awareness. One example of a product catering to these client needs is a motor policy which rewards particularly environmentally friendly vehicles with lower premiums. We are also promoting renewable energies by enabling manufacturers of photovoltaic cells to offer warranties.

#### Small insurance products with a big effect

Social developments and trends also influence the development of our products. For example, many people in emerging countries cannot afford insurance. This is why ERGO offers » microinsurance, which is tailored to the financial situation and personal circumstances of those sections of the population who live in poverty. The emerging countries are not the only beneficiary – microinsurance is also an economically sustainable investment in growing markets for ERGO.

### Advice on healthcare and consumer topics

One of ERGO's central goals is to offer its clients comprehensive and competent advice. We advise consumers on topics such as motor vehicles, housing, careers, and family life. And ERGO's health specialist, DKV, supplies its clients with extensive information and advice on health topics.

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# PRIMARY INSURANCE

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# Eco-friendly ERGO – Innovative products

Environmental aspects are taken into account in many of ERGO's products. With innovative insurance solutions, we carry the random-fluctuation risks of renewable energies – for example for lost revenues at solar installations on rainy days. In addition, ERGO offers "green pensions" and provides for the complete remediation of ecosystems in the event of a loss via environmental impairment insurance.

The ERGO Insurance Group has several insurance products in its portfolio which specifically take ecological aspects into account. With the product "ERGO life insurance and sustainable investment" for example, clients can conclude their retirement provision and life insurance while simultaneously promoting environmental protection. The client's capital is invested in shares of verifiably environmentally and socially responsible companies.

#### Low-cost policies for climate-friendly vehicles

Since January 2009, the insurer ERGO Versicherung AG (formerly Victoria Versicherung AG) has offered special motor insurance rates for particularly environmentally friendly vehicles, which qualify for policies up to 10% cheaper than those for conventional vehicles. The thresholds are aligned with the models which produce the lowest  ${\rm CO_2}$  emissions for the respective vehicle type – from the smallest of small cars to vans. These insurance policies also cover any environmental damage resulting from a motor accident.

#### Insurance secures the future of renewable energies

On some days, the sun doesn't shine, on others there is no wind – many renewable energy sources are dependent on weather conditions which are subject to fluctuation. Furthermore, power plants may not live up to the service-life expectations of their operators and investors. ERGO carries these risks via engineering insurance products – these policies provide comprehensive protection which covers business-interruption risks as well as damage and destruction of the installations concerned. This insurance is offered for photovoltaics (ABSonne), biogas (ABBio), wind power (ABWind), hydroelectric power (ABWasser), geothermics (ABGeo) and fuel cells (ABH2).

### Remediation of ecosystems in the event of a loss

The German Environmental Damage Prevention and Remediation Act came into force in November 2007, and holds polluters responsible for damage caused to flora, fauna, bodies of water and land. ERGO provides coverage for this risk via environmental impairment insurance which ensures the complete remediation of the damaged ecosystem. Over 16,000 clients have already concluded one of these policies since their introduction. This positive trend has been bolstered by ERGO's inclusion of environmental impairment insurance in public liability insurance as of last year.

# Environmental protection begins with good advice

Knowledge is the first step towards acting ecologically – this is why ERGO educates its clients on the topic of environmental protection and sensitises them by publishing brochures on the consequences of climate change, e.g. on energy-conscious living.

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# **PRIMARY INSURANCE**

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# Small policies which make a big difference – Microinsurance

Many people in emerging countries cannot afford insurance. This is why ERGO offers » microinsurance, which is tailored to the financial situation and personal circumstances of those who live in poverty. For example, in a pilot project, the inhabitants of rural southern India can insure their cattle.

Developing and emerging countries are hit particularly often by natural catastrophes such as floods, earthquakes and cyclones. At the same time, in the world's 100 poorest countries, only 3% of the population has insurance that would safeguard their livelihoods in such an event. This is why ERGO offers these people policies they can afford, and which are tailored to their needs. Microinsurance is an offshoot of the microloan model which achieved worldwide success.

ERGO develops these insurance products in close consultation with local specialists such as non-governmental organisations and microfinance institutes. The policies range from life, accident and property insurance to covers against the loss of working animals.

### Investing in a growing market

ERGO sees its commitment in the field both as part of its corporate responsibility, and as an investment in a growing market. "Microinsurance will make great strides in emerging countries in the years to come", says Andreas Kleiner, Board member responsible for business in Asia. ERGO is looking chiefly to Asia as a market of the future, says Kleiner. A large-scale pilot project is currently underway in India.

## Helping people who have lost all their possessions

In the rural regions of southern India, ERGO is offering a package of microinsurance products through HDFC ERGO General Insurance: health, accident, asset insurance, insurances of the person and even cattle insurance are available, with more policies in planning. This is intended to help people who have lost their homes, livestock or tools following an earthquake, for example.

"We are giving people insurance to spare from them the worst", says Andreas Kleiner. "Nobody should be suddenly left with nothing."

## A strong team of three allows for comprehensive protection

In order to guarantee the best health insurance protection possible, ERGO is cooperating in the southern Indian state of Karnataka with regional players and with national and international partners. HDFC ERGO has entered into a three-way partnership with the international healthcare company Biocon and 15 microfinance institutes. Working together, they can offer local people low-cost health insurance. In this cooperation, the microfinance institutes act as intermediaries, brokering the insurance to their clients, HDFC ERGO carries the risk and covers a total of 230 surgical interventions including hospitalisation. Biocon provides outpatient care and health advice.

## Taking out insurance via mobile telephone

The project has initially been launched in ten districts in Karnataka and is scheduled to be expanded to another three states. Other plans include making it possible for people to conclude insurance policies from their mobile telephones with the aid of the GPRS data transfer technology. This service is particularly helpful and necessary for men and women who live in the region's remotest villages.

The project has already got off to a very successful start: 100,000 people have taken out insurance - in the next three years this figure is anticipated to increase to around one million.

Munich Re offers microinsurance products not only in primary insurance, but also in the reinsurance and Munich Health business fields.

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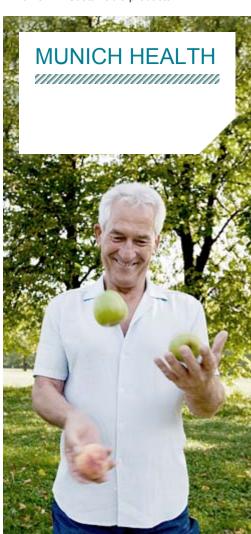
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# Global health expertise

Munich Re pools its global healthcare know-how in insurance and reinsurance under the single brand Munich Health. With over 5,000 employees, we devise innovative healthcare solutions for local markets that meet the global challenges this sector faces. » more

## Integrated models improve healthcare services

On Spain's Mediterranean coast, Munich Health shows how to improve public healthcare services and simultaneously save costs using an integrated healthcare model. This public-private partnership can serve as a model for other projects. » more

#### Innovative healthcare programs

In Abu Dhabi, Munich Health has incorporated its expertise in a programme for the chronically ill. This holistic disease management programme has led to better coordinated patient care, fewer newly diagnosed cases and more efficient cost management. » more



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# MUNICH HEALTH

#### **GLOBAL HEALTH EXPERTISE**

INTEGRATED HEALTHCARE

INNOVATIVE HEALTHCARE PROGRAMS

# Global health expertise

Munich Re pools its global healthcare know-how in insurance and reinsurance under the single Munich Health brand. More than 5,000 staff at 26 locations worldwide offer their clients and partners all over the world top products and solutions. They develop innovative approaches and products for local markets that also meet the global challenges this sector faces.

In 2009, Munich Re pooled its specialists for international health primary insurance (outside Germany) and reinsurance business in a separate organisation under the new brand Munich Health. These specialists develop intelligent and integrated solutions tailored to the individual needs of clients in their local markets, thus enabling Munich Health to achieve sustainable growth for the benefit of its clients and partners alike.

## Clients benefit from interdisciplinary cooperation

We provide individually tailored, one-stop solutions all around the globe. Over 5,000 experts in more than 26 locations have more to offer than comprehensive insurance expertise. They have a clear understanding of how local health markets and medical care function. Our employees' interdisciplinary cooperation across specialisations and national boundaries makes new and sustainable insurance solutions possible.

#### Mastering the challenges of the healthcare sector

By pooling its knowledge and expertise, Munich Health can tackle the global challenges of the healthcare sector. Especially in the industrial nations, higher life expectancy is leading to an increasing number of chronically ill patients in need of treatment. And medical progress often entails high costs, hence state healthcare systems worldwide are stretched to their limits. With its comprehensive range of services, Munich Health helps to keep costs down and to leverage new potentials. We seek solutions that are both affordable and high-quality.

### Guaranteeing healthcare in Denia

Insurance companies in more than 40 countries and primary insurance clients in over 100 countries are already using Munich Health's vast range of services. In the Spanish district of Denia, we have taken over responsibility from the local authorities for providing healthcare to the population. There we operate and finance a new hospital for the public sector and at the same time make sure that the costs of healthcare in the region are affordable. Munich Health covers the whole value change in the healthcare sector, from insurance to healthcare provision.

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# MUNICH HEALTH

GLOBAL HEALTH EXPERTISE

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# Integrated healthcare – A role model

Many state healthcare systems are stretched to their limits. On Spain's Mediterranean coast, health insurer DKV Seguros shows how public healthcare services can be improved and simultaneously costs saved using an integrated healthcare model. Munich Health's comprehensive expertise makes this » publicprivate partnership a role model for other projects.

It is an innovative healthcare approach: companies undertake to manage the district healthcare system in the long term on behalf of a government. Spain's Denia district administration has transferred responsibility for its healthcare system to DKV Seguros, part of Munich Health.

#### High quality, low costs

Since then, the company, part of Munich Health's business segment, has not only ensured medical care for the district's 140,000 inhabitants who have statutory health cover but in addition the 350,000 or so tourists who holiday in the region each year also benefit from the public-private partnership (PPP). The new approach is proving advantageous for everyone concerned: DKV Seguros' involvement saves the district administration costs in the long run whilst the people insured enjoy the high quality standards of public healthcare services.

#### A hospital improves healthcare quality

In Denia, we provide the range of public healthcare services – from emergency, inpatient and outpatient care to a broad spectrum of prevention programmes. As well as healthcare, our responsibilities include cost management – both collecting health insurance contributions and operating an efficient spending policy. Thanks to a 229bed hospital built to the latest medical standards, we are also improving healthcare quality locally and giving insureds better access to medical services.



Munich Health is running and financing a new hospital in Denia, on Spain's Costa Blanca on behalf of the local authorities.

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# Innovative healthcare programs – Abu Dhabi and almeda as role models

In many industrial nations, the number of chronic diseases has been on the rise for years. This is a significant burden for state-run healthcare systems, for instance in the United Arab Emirates. In Abu Dhabi, Munich Health has therefore applied its expertise to a programme for the chronically ill. This integrated disease management programme has led to better coordinated patient care, lower incidence of disease and more efficient cost management.

In the past 20 years, lifestyles in the United Arab Emirates have changed drastically. One of the consequences has been an increase in diabetes and obesity; according to the World Health Organization, every fifth inhabitant has diabetes, and over half of the population is overweight. Rising medical costs pose huge problems for the local healthcare systems. In response to these challenges, Munich Health and the regional health insurer Daman National Health Insurance have devised a new medical service programme on behalf of the government.

#### Patients benefit from public-private partnership

First successes of the programme launched in August 2009 illustrate that cooperation between state institutions and private partners show a possible way out of the difficult situation in the United Arab Emirates. Our long-term experience in disease management and in the efficient running of healthcare programmes worldwide is paying off very nicely in Abu Dhabi. Patients are benefiting from better care, the state health budgets have been relieved. In October 2009, Daman and Munich Health extended their partnership until 2019.

#### Preventing diabetes and obesity

almeda GmbH is Munich Re's assistance and telemedical healthcare service provider – it helps people in emergencies or in the longer term, person to person and on the phone or through the internet. Together with almeda, Munich Health has offered comprehensive healthcare programmes for diabetics and obese patients since August 2009, ranging from prevention and efficient treatment management to the management of healthcare costs.

# Improving the quality of life of the chronically ill

"We aim to counteract the rapid spread of obesity through education", says Dr. Franz Benstetter, Head of Operational Services Munich Health. "The local population will not change their behaviour until they are aware of the risks of obesity", says Benstetter.

The core element of the integrated health solution is phone coaching for the chronically ill by fixed contact persons. In discussions with medical experts, patients are taught how to manage their diseases themselves, the aim being to exercise a positive and lasting influence on their lifestyle. The overriding goal is to improve the quality of life of those patients suffering from diabetes mellitus and/or obesity by coordinating their treatment and reducing the long-term consequences and complications, hence minimising healthcare expenditure in the long run.

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# MEAG – Sustainable investments

In addition to managing Munich Re's global investments, MEAG also offers its competence to institutional and private investors outside the Group. Sustainable investment strategies have a positive impact on the returns achieved by all investors.

## Investing responsibly

MEAG's investment products prove that economic, ecological and social requirements need not be a contradiction in terms. The asset manager of Munich Re and ERGO offers its customers investment funds that are focused on sustainability. » more

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# ASSET MANAGEMENT

#### **EXPERTISE IN SUSTAINABILITY**

INVESTMENT STRATEGIES FOR RESPONSIBLE INVESTMENTS

# MEAG - Expertise in sustainability

**SUSTAINABLE PRODUCTS** 

Long-term experience, extensive know-how, sustainable asset management – these are MEAG's main distinguishing features. Munich Re's asset manager is one of Europe's leading companies in the field. Not only does MEAG manage our global investments, it also offers its competence to institutional and private investors outside the Group. The company proves that sustainable investment strategies have a positive impact on the returns achieved by all investors.

COMMITMENTS

MEAG is one of the largest asset managers in the European financial sector. Not only does it handle all of Munich Re's asset management, it also transacts business with private and institutional investors outside the Group.

#### MEAG's objective is is to deliver outstanding performance

The assets managed by MEAG include retail funds for private investors with a volume of around €2bn. Experienced fund managers handle and multiply their customers' money in compliance with a prudent, risk-based approach. The aim of our activities is to offer investors long-term, above-average performance.

## Sustainable investment strategies have a positive impact

We are increasingly investing in companies which contribute to responsible economic growth. The idea behind this strategy is that socially and ecologically sustainable management can positively affect financial performance, particularly in the long term. MEAG has set up investment funds whose strategy is geared to sustainability. These funds invest in companies whose management takes into account social, ecological and corporate governance aspects.

#### Success evidenced by awards

Our success proves our strategy is the right one: numerous awards by renowned » rating agencies, e.g. Standard & Poor's, Morningstar or Feri Rating & Research, are testimony to MEAG's strong performance in the European and international investment markets.

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# ASSET MANAGEMENT

**EXPERTISE IN SUSTAINABILITY** 

INVESTMENT STRATEGIES FOR RESPONSIBLE INVESTMENTS

# Investing responsibly – Our investment strategies

MEAG's investment products prove that economic, ecological and social requirements need not be a contradiction in terms. The asset manager of Munich Re and ERGO offers its customers investment funds that are focused on sustainability.

Climate protection is not only necessary, it also presents great opportunities, as illustrated by the MEAG KlimaStrategie fund. "We offer opportunities to investors who share our objective, namely that industry must encourage a wiser stewardship of our natural resources in future", says Dr. Thomas Kabisch, Chairman of the Executive Board of MEAG.

The fund's investment strategy is geared to systematic investment in companies that concern themselves with climate change, either by developing measures to adjust to the consequences of global warming or by providing solutions to reduce greenhouse gas emissions. With this fund, the asset manager of Munich Re and ERGO offers investors an international, widely diversified investment opportunity that takes advantage of the growth trend in the area of climate protection. Kabisch is convinced that: "The environment will benefit from these investments, as will the investors."

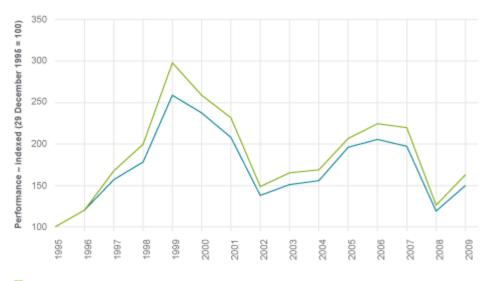
#### A fund for sustainable and entrepreneurial action

The equity fund MEAG Nachhaltigkeit, which was set up on 1 October 2003, invests primarily in companies engaged in responsible management. Companies are selected on the basis of their environmentally friendly and social behaviour as well as their financial success. This includes leading equities and innovative niche providers. By contrast, the manufacturers of tobacco, alcoholic beverages, arms and weapons are excluded, as are companies in the gambling industry. In the Feri EuroRating Awards 2010, the MEAG Nachhaltigkeit fund was nominated one of the top five funds in the Equity Sustainability/Ethics World category. The jury was impressed by its very good performance given the favourable relation between opportunity and risks and its professional fund management.

## Foundations can provide fair investment opportunities for your money

Foundations generally gear their investments to the purpose of the foundation. At the same time, they expect solid returns. The MEAG FairReturn investment fund established in June 2009 meets both requirements. Its managers apply strict social, ecological and financial criteria and invest mainly in Europe. Their objective is to deliver a positive performance that is in line with the capital markets. In 2009, the fund met with so much approval that MEAG opened it to private investors in spring 2010.

# DJ Sustainability ex all/MSCI World comparison (€)



DJ Sustainability ex all – PI (~E0)

MSCI World - PI (~E0)

Development DJ Sustainability World vs. MSCI World, Source: Börsenzeitung, special edition investments



The purpose of the annual awards by rating agency Feri EuroRating Servies AG is to help private investors choose suitable products.

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# COMMMITMENTS

# For environment and society

Munich Re is convinced that long-term success is only possible if we take due account of economic, ecological and social requirements in our operations. Our understanding of corporate responsibility therefore involves more than financial sustainability and factoring the implications of climate change and environmental degradation into the products we design and solutions we devise - it also includes assuming responsibility for the environment and community in which we live and work.

Corporate responsibility is ingrained in Munich Re's corporate culture. Our commitment to society, the environment and climate protection stretches beyond the scope of our insurance and reinsurance activities.

#### Preserving our natural resources

Compared with the environmental impact of a manufacturing firm, the direct emissions produced and resources consumed by a financial services provider like Munich Re are relatively minor. Nevertheless, we too intend to keep the impact of our industry on the environment as low as possible. We are therefore working hard to reduce our need for raw materials and our greenhouse gas emissions, while compensating for those emissions that are inevitable. These efforts are anchored in our guiding principles for corporate responsibility. In these principles, we are expressly committed to the preservation of our natural resources. We promote, control and improve the judicious use of these resources in our business operations through the introduction of environmental management systems.

## Assuming social responsibility

To us, corporate responsibility also means assuming responsibility for the community in which we live and work. In addition to systematically promoting education and science, Munich Re also supports selected cultural and social projects. Health is another cornerstone of our activities. Munich Re's commitment is supplemented by foundations that contribute significantly to sustainable development.

#### **Environment**



Protecting our natural environment is part and parcel of our value-based management. After all, the financial success of a company like Munich Re is inseparably linked with protecting people, the environment, and property. » more

## Society



To us, corporate responsibility means active responsibility towards our employees, the environment and the community in which we live and work. Munich Re therefore promotes selected scientific, cultural and social projects.

» more

#### **Foundations**



The work of our foundations is an integral part of Munich Re's corporate responsibility. Three examples show how our foundations provide effective support and solutions. » more

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# **Environmental commitment**

Protecting our natural environment is part and parcel of our corporate responsibility strategy, the financial success of a company like Munich Re being inseparably linked with protecting people, the environment, and property. » more

# **Environmental management**

We therefore systematically and rigorously protect the environment, and our work processes are complemented by environmental management systems. As a Group, we aim to be certified to environmental management standard ISO 14001. » more

## Climate protection

Our objective is to increase political and public awareness of climate change – applying our expertise and know-how to find solutions – by setting a good example. » more

## Resources

Munich Re consumes as few natural resources as possible and uses eco-friendly materials like recycled paper to minimise the environmental impact. » more

## GreenBuilding

Munich Re's resource-efficient buildings make a significant contribution to climate protection. At those buildings we ourselves occupy and where environmental management systems are in place, construction and renovation work complies with strict ecological guidelines. Worldwide, MEAG has invested over a billion euros in sustainable property on behalf of Munich Re and ERGO. » more

#### Background

» Environmental commitment

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- » Facts and figures: Environmental indicators
- » Sustainable products

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# Environmental commitment – Protecting natural resources

Taking preventive measures, increasing public awareness and promoting ecofriendly technologies are the three main pillars of Munich Re's ecological commitment. Protecting our natural environment is part and parcel of our » value-based management. After all, the financial success of a company like Munich Re is inseparably linked with protecting people, the environment, and property.

In our guiding principles for corporate responsibility, Munich Re undertakes to help protect our natural environment. For instance, we develop new core-business products tailored to the corresponding demand, and devise solutions for dealing with the impacts of climate and environmental change. In this way, we are helping to bring about the necessary change in society's attitudes and behaviour and the preventive action we take to protect the environment also brings us closer to this goal.

#### Environmental guidelines embedded in our Code of Conduct

Munich Re believes eco-friendly action begins "at home", and we try to use natural resources sparingly in our business operations. This is anchored in the environmental guidelines of Munich Re (reinsurance) and the ERGO Insurance Group and laid down in the » codes of conduct of Munich Re (reinsurance), ERGO and MEAG.

#### Reinsurance group goes carbon neutral

We are constantly working to reduce the resources we consume (paper, water, energy) and emissions we produce (waste, travel and energy) in accordance, wherever economically feasible, with the highest technical standards. Our aim is to achieve carbon neutrality throughout our international reinsurance group operations by 2012, our head office in Munich having been carbon neutral since 2009.

#### Working together to protect the environment

The greater the number of people involved in protecting the environment, the more effective the result. Our staff are accordingly trained and our suppliers required to follow the principles of the » Global Compact. By monitoring our environmental indicators, we can constantly verify how close we are to the targets we have set ourselves. The certificates and awards we have received testify to the success of our efforts. For instance, ERGO Versicherung AG – formerly Victoria Versicherung AG – was the first European insurer among the recipients of the first EMAS award in recognition of its environmental management system. As of 2010, Munich Re's voluntary environmental management system will be applying the » ISO 14001 standard.

# Munich Re promotes technological know-how

As insurers, we sponsor research into the development of new technologies and ourselves seek to implement innovative ideas. We are therefore backing the pioneering Dii initiative to generate electricity in the North African desert for use in the » MENA countries and Europe.

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# Standard-setting – Munich Re's environmental management

To Munich Re, as an insurance-sector Group, protecting our natural resources is part of value-based management. We therefore take systematic and rigorous account of environmental issues, operating an environmental management system in addition to our work processes. As a Group, we aim to achieve certification to environmental management standard » ISO 14001.

Munich Re's central objective is to minimise the environmental pollution caused by our business operations and the use of our premises. In keeping with that goal, we are reducing our consumption of paper, water and energy and cutting our travel, waste and energy emissions. We are seeking to achieve our goal in accordance with the highest technical standards wherever economically feasible.

#### Munich Re implements environmental management systems

To anchor our environmental guidelines in our various operational processes, Munich Re (reinsurance) in Munich, the ERGO Insurance Group in Germany and D.A.S. UK have implemented environmental management systems at five offices. We also impress on our staff the need to consider what effects their actions and decisions have on the environment, in accordance with the codes of conduct adopted by Munich Re (reinsurance), ERGO and MEAG.

#### ISO 14001 certification standard

To minimise the effects our operations have on the environment, they are systematically registered in our environmental management systems. However, these systems can only work provided the results can be measured and verified. Our aim as a Group is to achieve certification to ISO 14001, the international standard that sets out requirements for environmental management systems. Munich Re's environmental management system is regularly inspected by an external environmental verifier.

#### Leading the field in primary insurance: Victoria and D.A.S.

With regard to our primary insurance subsidiaries, Victoria – now ERGO – has operated an audited environmental management system since 1998 and was the first European insurance company to be validated to EMAS. In June 2002, its environmental management system obtained the European Commission's first EMAS Award – the only insurer out of twelve European companies to earn this distinction. It achieved its first ISO 14001 certificate in July 2002.

D.A.S. UK also operates an environmental management system. Its Bristol, UK, head office was certified to ISO 14001 in 2003, making it the first legal expenses insurer to earn this accolade – a distinction now shared with its other offices in the UK and Irish Republic.

## Environmental management anchored in our organisational set-up

Within the Munich Re reinsurance group, organisational responsibility for environmental protection at head office in Munich has been allocated as follows: the full Board of Management, represented by Chairman Dr. Nikolaus von Bomhard, is responsible for our environmental protection strategy and measures, and an environmental officer has been appointed to advise and report to the Board on environmental management issues.

ERGO's environmental management responsibilities are also organised along structural lines. Dr. Ulf Mainzer, ERGO's Board member for Human Resources and General Services, is responsible for environmental matters. In 2009, an employment, health and environmental protection unit was set up to develop ISO-14001-based environmental management systems.



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# Climate protection – Munich Re leads by example

We aim to heighten the awareness of climate change among politicians and the general public by systematically leveraging our insurance expertise and knowhow. Our whole Group is leading by example: reinsurance is on its way to making its activities climate-neutral by 2012, ERGO is developing a climate strategy of its own, and MEAG has embraced the idea of green building.

As insurers, we see the effects of climate change at first hand. After all, weather-related natural catastrophe losses are among the things we insure. That is why our inhouse environmental protection is focused on a reduction in our own greenhouse gas emissions.

Munich Re demonstrates its commitment to climate protection in a variety of forms: in addition to the measures we take in our day-to-day activities, we consider the environmental aspects of the assets we hold and actively invest in renewable energies.

#### Munich location carbon-neutral since 2009

Munich Re's environmental protection "begins at home". In 2007, we adopted a carbon-neutrality strategy for reinsurance, setting ourselves the ambitious goal of achieving carbon-neutrality throughout the international reinsurance group's operations by 2012.

The Munich Re headquarters reached climate-neutrality in 2009. To do so, we reduced the greenhouse gas emissions arising in our operations to the lowest possible level and cancelled out unavoidable greenhouse gas emissions (such as those associated with air travel) through the purchase of emission credits.

#### Four-stage strategy for carbon neutrality in the reinsurance group.

Our fundamental principle is to achieve carbon-neutrality in reinsurance as far as possible by launching projects of our own and introducing adequate internal measures. To this end, Munich Re (reinsurance) is pursuing a four-stage strategy. Stage one involves an enhancement of our energy performance. This is accomplished through a variety of small-scale and major measures, for instance by steadily making our IT and facility management more energy-efficient.

Secondly, we want as many of our offices as possible to follow the example of Munich and Milan and cover their power requirements from renewable energy sources. Thirdly, we will invest in renewable energy projects to compensate for emissions and obtain carbon credits. Fourthly – and finally– we will make up for inevitable greenhouse gas emissions by purchasing and retiring emission allowances

## Climate protection in the whole Group

Our endeavours to run our operations in a climate-friendly manner extend to all fields of business in which Munich Re operates. ERGO is also looking to optimise its climate footprint. Its short and medium-term focus is on investments in energy-efficient building automation and systems technology at its main sites in Germany. In the long term, it envisages the implementation of a process-oriented environmental management system in line with ISO 14001 to improve its environmental track record and reduce its carbon footprint. "Our efforts range from modernising our office technology to sharing environmental tips with our employees", said Ulf Mainzer, who is in charge of environmental matters on the Board of Management of ERGO Versicherungsgruppe AG. "All measures have been very well received by staff."

ERGO takes climate and environmental protection seriously at all its offices. We are currently modernising our climate technology at the Hamburg and Cologne locations. Once these measures have been concluded, we will be able to reduce energy consumption by around 40%. At the Düsseldorf offices, a block-type thermal power station in operation since 1998 was expanded in 2008. This energy-efficient cogeneration technology will also be installed at the Cologne site and in an annex in Düsseldorf from 2010 onwards

## Promoting renewable energy

ERGO purchases green electricity at its locations in Düsseldorf and at one of its sites in Berlin. The same applies to D.A.S. UK and Spanish DKV Seguros, This allows ERGO to lower its greenhouse gas emissions and simultaneously expand the use of renewable energies. In addition, ERGO is raising staff awareness of the issue. Its employees are encouraged to take part in the annual Cycle to Work scheme (Mit dem Rad zur Arbeit) launched in 2008. Moreover, ERGO adheres to green IT principles where possible. In Hamburg, for instance, ERGO replaced 1,800 computers by the end of 2009 in order to lower energy consumption. Other locations will follow suit.

## MEAG embraces green building

Our asset manager MEAG too is actively committed to climate protection. On behalf of Munich Re and ERGO, it invests in renewable energies and technologies, and its climate-friendly investment products are available to investors outside the group as well. That MEAG engages in climate protection "on its own doorstep" is illustrated by the fact that it has been awarded numerous prizes for resource-efficient energy management and by its use of green IT solutions.

#### Related Topics

- » GreenBuilding
- » Challenges: Climate change
- » Challenges: New technologies
- » Responsible management: Sustainable investments

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in t CO <sub>2</sub> e
9,223
55
55
2,247
16,548
2,247
-16,548
6,921
6,921

As part of our climate-neutrality strategy for the reinsurance group, we are aiming to reduce greenhouse gas emissions caused by energy and travel as far as possible by the year 2012 and to compensate for those emissions that are inevitable by purchasing emission credits. The first step we took was to make our Munich site, with a total of over 3,700 employees, carbonneutral. To compensate for the total emissions of 9,223 t  $\rm CO_2e$  that are inevitable despite energy-efficiency measures and the substitution of conventional sources of energy by renewable sources, we have purchased certificates in a high-ranking climate-protection project in Brazil. The table shows greenhouse gas emissions at the Munich site.





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# Munich Re is economical on resources

Munich Re consumes as little natural resources as possible and uses environment-friendly materials, such as recycled paper. This is how we keep our burden on the environment to a minimum.

We are mindful of resource-efficient management. Munich Re (reinsurance) and ERGO therefore give priority to reducing paper, water and energy consumption and decreasing damaging emissions as a result of travel and waste.

The following diagrams provide information on our current consumption of resources.

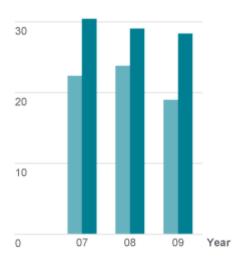
2007	2008	2009
22	24	19
30	29	28
0.04	0.04	0.04
32	20	20
0.26	0.23	0.35
7,017	7,670	7,070
	22 30 0.04 32 0.26	22 24  30 29  0.04 0.04  32 20  0.26 0.23

\*GJ: Gigajoules

Direct and indirect energy consumption per employee

Gigajoules (GJ)

40



Direct energy consumption (per employee in GJ)

Indirect energy consumption (per employee in GJ)

Direct energy consumption (Scope 1) per employee rose significantly in the reinsurance group between 2008 and 2009. The reason for this is the inclusion of Hartford Steam Boiler (HSB) in the group. HSB generates a large amount of its energy from natural gas. The other Munich Re reinsurance companies purchase relatively small quantities of primary energy sources like natural gas and oil. Group-wide, however, direct energy consumption fell. Indirect energy consumption (especially electricity consumption and district heating) also reduced marginally.

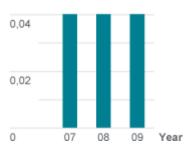
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#### Paper consumption per employee



0,08

0,06

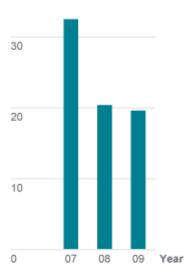


Our paper consumption has remained constant over the past few years. This includes the consumption of printer and copying paper, which is immediately influenced by employee behaviour.

#### Water consumption per employee

## Cubic metres (m³)

40



Water consumption per employee has been lowered significantly since 2007.

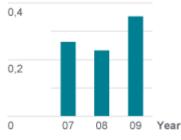
## Waste per employee

# Tonnes (t)

1,0

8,0

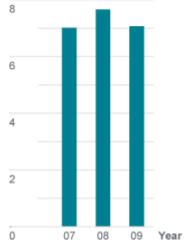
0,6



In 2009, waste per employee was higher than in previous years owing to a significant increase at ERGO. The reasons for this include expanded data capture – hence a more accurate reflection of the waste produced – and major structural measures.

#### Business travel per employee

# **Km ('000)**



Business travel to call on clients is indispensable for us as insurers. Following a slight increase in 2008, travel fell again in 2009 to the level recorded in 2007. This decrease is due to a steady reduction in the amount of travel within the reinsurance group. In 2008, the primary insurance segment had registered a strong upward tendency in the amount of travel, attributable to international expansion, a change in data capture and alterations in the Group's organisational structures, necessitating increased travel between locations.



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# GreenBuilding - Using energy efficiently

Munich Re's energy-efficient buildings make a significant contribution to climate protection. At buildings we ourselves occupy where environmental management systems are in place, construction and renovation work complies with strict ecological guidelines – as the building Am Münchner Tor shows. In the area of investments, MEAG has been awarded the EU Commission's » EU GreenBuilding certificate for energy efficiency in six office complexes. Worldwide, MEAG's investments for Munich Re and ERGO in certified sustainable property has surpassed the €1bn mark.

The two office properties Capital Square in Singapore and Columbia Square in Washington D.C. were awarded sustainability certificates in October 2009 and May 2010 respectively. This brought MEAG's investments in certified ecologically responsible property in Europe, America and Asia to over €1bn. These international awards complement MEAG's sustainable property portfolio in Europe, which includes Cologne Oval Offices and Westgate in Cologne, Maximiliansplatz 12, Maria-Josepha-Strasse 13–15 and Sonnencarree in Munich and the office complex Waterfront in Stockholm. All properties have been awarded the EU GreenBuilding certificate in recognition of high standards of energy efficiency.

#### Reducing energy consumption to a minimum

The intelligent building and room-automation concept ensures that energy consumption for lighting, cooling and heating is kept to an absolute minimum. The systems enable Sonnencarree to undercut the requirements of the 2007 German Energy Saving Ordinance(EnEV)by more than the required quarter; in actual fact, by 56%. The EnEV value, measured in kilowatt-hours per square metre and year, denotes the primary energy requirements of a building.

Günter Manuel Giehr, managing Director of MEAG, spoke about the importance of sustainable construction: "Energy consumption in buildings is responsible for two-fifths of greenhouse gas emissions in Germany. Our responsible approach to building and remediation will make an enormous contribution to climate protection and at the same time achieve a significant long-term reduction in running costs."

#### Rhine water and sunlight - Cologne Oval Offices save energy

MEAG was awarded its first GreenBuilding certificate in autumn 2008 for Cologne Oval Offices. This office complex in the Bayenthal district of Cologne uses water from the nearby Rhine as a form of natural cooling. A sun-position sensor on the roof and 5,000 adjustable sun-protection louvers also help to keep the building cool in the most energy-efficient way possible. This sophisticated and sustainable energy concept means that Cologne Oval Offices uses only 105 kWh/m2 a year— about half of what office complexes of comparable size consume.

Cool in summer, warm in winter – Westgate uses water as a source of energy Cologne Oval Offices were followed by the Westgate office building, also in Cologne, in August 2009. In order to achieve the required energy efficiency at Westgate, MEAG uses a high proportion of energy from renewable sources and groundwater from wells on the premises. Westgate thus achieves a primary energy consumption reading of 166 kWh/m2 a year – a further outstanding result that is impressive testimony to our commitment to climate protection.

## Am Münchner Tor – A fine example of energy efficiency

The office building Am Münchner Tor is an excellent example of how Munich Re takes account of environmental criteria in building and renovating the office buildings it uses. The building automation system is designed to use as little electricity, district heating and water as possible. To achieve this, natural sources of energy are also used. Heating and cooling energy conservation is enhanced by using concrete core activation technology. This is based on a piping system which is embedded in concrete slabs during the construction phase. In the summer, groundwater is passed through the pipes at 17°C in order to cool the building as efficiently as possible. This ensures a pleasant room temperature even when it is hot outside without the inconvenience of the noise and draughts caused by conventional cooling systems. The lighting system has also been designed to use as little electricity as possible.

# High-tech ensures low energy consumption

The standardised annual average consumption of primary energy in office buildings is approximately  $400 \text{ kWh/m}^2$  – the buildings at Münchner Tor only use 237 kWh/m2, which is even less than the standardised annual average of 270 kWh/m2 for energy-efficient office buildings.



#### Image gallery

» The award-winning buildings of MEAG

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# Social commitment

To us, corporate responsibility means active responsibility towards our employees, the environment and the community in which we live and work. Munich Re therefore promotes selected scientific, cultural and social projects. » more

## Promoting education and science

Munich Re supports two social spheres that play a key part in solving global challenges: education and science. For instance, we promote dialogue between schools and the economic sphere and offer insurance and risk management sponsorships to students. » more

#### Commitment to art and culture

Cultural commitment takes high priority at Munich Re because art and culture are crucial to society's well-being. Our involvement includes supporting young artists and helping young people find new approaches to classical music. » more

#### Voluntary work

Munich Re and its staff support social institutions and projects in Germany and elsewhere. As well as the financial help we provide, a number of our employees give of their leisure time to take part in charity runs or do voluntary work, for instance, whilst others donate a portion of their monthly salaries to a good cause. » more

#### Health programmes

Whilst insurance companies may not be able to protect people from illness, Munich Re is nevertheless very much committed to helping create a healthier society by promoting health education and exercise programmes. » more

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# SOCIETY

SOCIAL COMMITMENT

EDUCATION AND SCIENCE

ART AND CULTURE

**VOLUNTARY WORK** 

**HEALTH PROGRAMMES** 

# Education and science – Building blocks for future solutions

Well-founded knowledge takes high priority at Munich Re because knowledge of risk is the basis of our business. Munich Re thus supports two social spheres that play a key part in solving global challenges: education and science. For instance, we promote dialogue between schools and the economic sphere and offer insurance and risk-management sponsorships to students.

The worldwide challenges of the 21st century such as global warming, internationalised finance markets and demographic change demand innovative solutions and continuous progress in science and research. To solve current problems and be ready to tackle those of the future, Munich Re supports education and training for young people worldwide – and we sponsor university research and courses in Germany and abroad.

#### An interest in and enthusiasm for the sciences

Spacecraft, the internet and MP3 players – without mathematics, none of these trailblazing inventions would have been possible. To promote awareness for mathematical issues and the enjoyment of this subject, Munich Re's reinsurance and primary insurance business segments have sponsored the internet portals of the German (since 2001) and (since 2009) European Mathematical Societies. The core content of the European portal is currently defined by 14 project coordinators from across Europe and is updated on an ongoing basis. This international perspective on mathematics benefits all those interested or involved with the subject.

#### ERGO promotes Germany as a scientific location

As a member of the Stifterverband für die Deutsche Wissenschaft (Association for the Promotion of German Science and Humanities), ERGO helps promote Germany as a scientific location. Alongside this, ERGO has made a particular commitment to young people in professional training programmes. For example, as the main sponsor of the schools competition "Schule macht Zukunft" (school shapes the future), ERGO is strengthening dialogue between schools and business.

In 2010's competition, schoolchildren have investigated the topic: "Where will we be in 2020: Discovering the future – Assuming responsibility". The first prize went to "Urban ahead", a team from Heidelberg, who impressed the jury with a concept for a district designed on the premise of sustainability with regard to energy, environment and also welfare aspects. The schools competition also sparked the interest of the winners in participating in similar projects in the future. In this way, even those still at school can help shape the world of tomorrow, said a member of the winning team.

# Sponsoring gifted students

Some talented young people lack the means to make the most of their potential. For this reason, in cooperation with the Dr. Kurt Hamann Foundation, the ERGO Insurance Group supports diploma candidates at the University of Mannheim. ERGO also supports talented students as part of the NRW Scholarship Programme, most of whom are studying insurance science, health economics, actuarial science and media information technology.

## Supporting science and research

Universities convey knowledge and develop groundbreaking techniques that will influence our society in the future. Munich Re (reinsurance) is also conscious of its responsibility in this area, and has thus supported Ludwig Maximilian University's Munich University Society since 1922 in its objectives of promoting university research and academic teaching, also by housing the Society's offices on Munich Re premises. The University Society helps fund a large number of academic projects, interdisciplinary visiting scholarships and lecture series, national and international academic congresses and ongoing cooperation with other universities. In addition, the Society presents awards and sponsorship prizes for Ludwig Maximilian University's new academic talent.

At the same time, the members of Munich Re's Board of Management have also made personal commitments to further improving the knowledge interface: Dr. Nikolaus von Bomhard has served as Chairman of Ludwig Maximilian University's University Council since 2006, and Dr. Wolfgang Strassl is a member of the Board of Trustees of the European School of Management & Technology in Berlin.

## Exchanging expertise globally

Using our expertise as a foundation, we take an active role in society's dialogue in order to develop appropriate solution strategies for handling risks. We are therefore involved in dynamic global collaborations with a wide variety of interest groups and NGOs and with experts from the world of politics, public administration, and science. A particular focus of our commitment is on climate protection: for some 35 years, Munich Re's experts have been analysing and documenting global climate change and sharing their knowledge with numerous organisations, institutions and associations.

Since October 2008, Munich Re has been collaborating with the renowned London School of Economics and Political Science (LSE). We are supporting a five-year project launched by the Centre for Climate Change Economics and Policy (CCCEP) with the purpose of analysing the opportunities and risks that climate change brings for the insurance industry at the interface of climate research and economics. The analyses focus particularly on the quantification of the impacts on the insurance industry, the expansion of low-carbon and renewable technologies for power generation, and the opportunities and effects of emissions trading systems. The results of the research are presented regularly to clients, representatives from politics and industry, and the public.



#### Related Topics

» Challenges: Climate Change

#### External Links

- » ERGO: Commitment to education and science
- » German Mathematical Society (German only)
- » European Mathematical Society
- » Stifterverband für die Deutsche Wissenschaft (German only)
- » Munich University Society (German only)

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As a global risk carrier, Munich Re is active in many international organisations and research associations and supports scientific research and teaching institutions all around the world. For example, ERGO offers a university scholarship for orphans in Latvia. The financial support of Munich Re's Canadian branch provided for the establishment of a Chair in Insurance at the University of Waterloo. In Italy, Munich Re supports the most talented graduates from Milan's Bocconi University by financing part of their postgraduate studies in the areas of insurance and risk management. And in Poland, ERGO founded the Father Józef Tischner Award for the promotion of democracy.

## Organisations supported by Munich Re:



















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# SOCIETY

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# Committed to culture – A tradition at Munich Re

Cultural commitment takes high priority at Munich Re because art and culture are crucial to society's well-being. Supporting young artists and helping young people discover classical music are a key part of our cultural involvement.

Both sides profit from an exchange between culture and industry: Many cultural projects can only be realised thanks to the support provided by companies. At the same time, creative and aesthetic aspects can also create valuable impulses for employees and society as a whole. That is why Munich Re supports the arts, for example as a member of the arts sponsorship group AKS within the Federation of German Industries (BDI).

#### Promoting art in construction

Munich Re's commitment dates is connected with the Art in Construction concept and dates back to 1912/1913, when our Main Building on Königinstrasse was built. Considered an architectural sensation at the time, it is today a listed building. In 1995, we also made a significant impact on Munich's inner cityscape with the 17-m-high Walking Man by Jonathan Borofsky, a figure symbolising change and progress.

#### Strengthening the dialogue between culture and industry

A further contribution towards strengthening the dialogue between culture and industry was the Climate and Art competition in 2010. Together with the Academy of Fine Arts in Munich, we invited students to take up the subject of climate change in their artistic work. The winner of the competition, which is being accompanied by a seminar programme, will be able to exhibit a work of art in a public place at our Munich offices.

#### Commitment at the Munich office

With our involvement in various bodies dedicated to promoting and supporting Munich cultural institutions, such as the Premium Circle of the Bavarian State Opera or the Pinakothek Society, we underscore our commitment to the arts. At the same time, Munich Re cooperates regularly with Munich's museums, for example in 2009 by partnering the exhibition of company art in the Haus der Kunst to mark the 850th anniversary of the City of Munich. MEAG adopts its own approach to art. Several times a year it organises guided tours for staff to current exhibitions.

#### Accompanying young musicians

Munich Re supports talented young musicians and artists in getting their careers off to a good start. From 2002 to 2010, Munich Re sponsored the Gustav Mahler Jugendorchester. By providing sponsorship money, we made it possible for the young musicians to work with top conductors and soloists and to stage concerts in such cities as Madrid, Paris and Buenos Aires. The highlight of this successful cooperation was an annual Easter and summer tour through Germany and Europe playing at top-class international venues such as La Scala in Milan or the Royal Albert Hall in London.

# Sparking children's interest in music

Since 2009 the ERGO Insurance Group has sponsored the classical concert series "3-2-1 Ignition". The youth concerts presented by the Düsseldorf Tonhalle within its "Junge Tonhalle" series seek to bring classical music closer to young people. In the "SingPause" project also sponsored by ERGO, trained singers visit Düsseldorf primary schools twice a week to build up a broad international repertoire of songs among the children. They thus get to know their own voice, develop a feel for the music, and train motor skills and concentration through play.

# Organisations supported by Munich Re:





AKADEMIE DER BILDENDEN KÜNSTE MÜNCHEN





#### External Links

- » ERGO: Commitment to music
- » Wettbewerb Klima und Kunst (German only)
- » Gustav Mahler Jugendorchester
- » Junge Tonhalle (German only)
- » SingPause (German only)

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# Sustainable and personal – Our social commitment

Munich Re and its staff support social institutions and projects in Germany and elsewhere. As well as the financial help we provide, a number of our employees give of their leisure time to take part in charity runs or do voluntary work, for instance, whilst others donate a portion of their monthly salary to a good cause.

Due to natural catastrophes, illness or other twists of fate, people can find themselves in great need through no fault of their own. This is why Munich Re supports selected aid projects worldwide via fund-raising campaigns and » corporate volunteering activities..

#### Corporate volunteering - A point of honour for our staff

Many of our staff members are involved with charitable projects in their free time. To actively support them in this, Munich Re's former Chairman of the Board of Management, Dr. Hans-Jürgen Schinzler, founded the Schinzler Foundation in 2004. The voluntary work performed by reinsurance group employees under the banner of the Schinzler Foundation ranges from initiatives for children and young people, to helping the homeless, the elderly and people with disabilities. As a result, numerous projects in Germany, Latin America and Asia benefit.

#### Supporting and integrating people with disabilities

We attach great importance to the integration of people with disabilities. As a result, since 2001 we have supported Munich's Stiftung Pfennigparade, a foundation dedicated to the physical and mental rehabilitation of people with disabilities. For example, at our Munich site we regularly employ interns with physical disabilities whose placements are arranged via Pfennigparade. We are also involved in projects that bring together disabled and non-disabled children, such as a number of school theatre projects and a children's library night – all made possible by Munich Re's donations of money and goods.

The integration of people with disabilities is also promoted at Munich Re's international sites. For example, the client call-centre of DKV Seguros in Spain is staffed solely by colleagues with a physical disability – and inspired by this idea, ERGO Hestia in Poland has followed suit.

#### Aid for war children - victorianer helfen e.V.

It is mostly children who suffer from military conflicts. The work of the charitable association victorianer helfen e.V. thus focuses on helping for boys and girls in warzones and crisis regions. The association was set up by Victoria (now ERGO) in 1990. Since then, over 5,000 staff have been "rounding down" their salaries and commissions to the next euro each month and donating at least the cents left over. Millions of euros have been made available to social institutions and projects all around the world in this manner since the founding of the association.

# Rapid and sustainable aid for victims of natural catastrophes

In the summer of 2002, Germany suffered a hundred-year flood when the River Elbe burst its banks – this catastrophe led to the founding of the D.A.S. Insurance initiative "DASIer helfen" (D.A.S. staff help). Beside its commitment to German flood victims, D.A.S. also supports charitable projects and those who have fallen on hard times.

Apart from emergency aid, the victims of natural catastrophes need one thing above all else: financial support in rebuilding their homes. Thus, following the severe earthquake in Haiti in January 2010, Munich Re staff members made donations to various long-term aid campaigns, including efforts to rebuild roads and schools, construct temporary housing and set up an emergency drinking water supply system. At the end of the fund-raising campaign, Munich Re's Board of Management doubled the amount collected.

## Supporting widows and widowers who are single parents

If their partner passes away, young mothers and fathers often have to deal with financial and legal difficulties as well as their grief. The Nicolaidis Stiftung, a foundation sponsored by Munich Re (reinsurance), supports widows and widowers in their grief and arranges contacts to specialists such as lawyers and tax advisor.

# Help for sick and homeless children

Helping people in critical life situations is also a focus of the charitable work of ERGO and MEAG, the asset manager of Munich Re and ERGO. As one of the main sponsors of the Madeleine Schickedanz-Kinder-Krebs-Stiftung, ERGO contributes to improving the chances of recovery for young cancer sufferers. In 2008 and 2009, the proceeds from MEAG's annual Christmas tombola went to the parent initiative for child cancer sufferers Elterninitiative Krebskranke Kinder München, and to Horizont, a charity supporting homeless children and their mothers.

## Protecting primary school children on their way home

ERGO has made a commitment to "Helfende Hand" (helping hand), a project founded by several Düsseldorf primary schools and the Düsseldorf police. The initiators want to help make children's journeys to and from school safer. Selected businesses partnering the project and located on the routes taken by young schoolchildren are marked with a "helping hand" symbol. Children can get help there in critical situations.

# ERGO's big anniversary fund-raiser

In 2007, we celebrated ERGO's tenth anniversary. As part of a large fund-raising campaign, staff members donated blood and took part in sponsored runs. ERGO converted all these activities into monetary donations – and then rounded up the total to €100,000. This amount went to 13 non-profit organisations including the Munich



#### Related Topics

- » Dr. Hans-Jürgen Schinzler Foundation
- » Responsible management: Diversity

#### External Links

- » ERGO: Social commitment
- » Projekt Helfende Hand (German only)
- » Madeleine Schickedanz-KinderKrebs-Stiftung (German only)

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centre for children and young people "Die Arche", the children's hospice "Sonnenhof" in Berlin, and "Stammzellspende Rheinland", a charity which organises and finances projects including donor drives for leukaemia patients.

The changeover of the brand name (in German) from Münchener Rück to Munich Re was also taken advantage of as an opportunity to support charitable projects. The proceeds from selling off Munich Re's stock of corporate gift items with the old logo to Munich Re (reinsurance) staff members were donated to the Dr. Hans-Jürgen Schinzler Foundation.

#### **Promoting international projects**

Munich Re's commitment to society does not stop at Germany's borders. For example, the ERGO subsidiaries in the Baltic states support an orphanage in the Lithuanian city of Kaunas and university scholarships for orphans in Latvia. And ERGO Belgium has made a commitment to socially disadvantaged children – including a recent campaign in 2009 with the support of the former professional racing cyclist Johan Museeuw. The Korean subsidiary ERGO Daum Direct has chosen to focus its charity work on ecological projects: when clients take out motor insurance, the company makes a donation on their behalf to the Korean Federation for Environmental Movement (KFEM) – a non-profit organisation dedicated to environmental protection.

#### Organisations supported by Munich Re:







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# Health education and prevention – Our healthcare programmes

Whilst insurance companies may not be able to protect people from illness, Munich Re is nevertheless very much committed to helping create a healthier society by supporting health education, promoting keep-fit programmes, and financing life-saving technology.

In spite of all progress, there are diseases that have not yet been conquered, while many can be treated provided they are recognised in good time. And there are yet again others that could be avoided through a combination of sport and a healthy diet. Munich Re shares its knowledge on the subject of healthcare and promotes measures specifically designed to diagnose, treat and prevent diseases.

#### Promoting health education

We support projects that focus on health education. For example, ERGO has been cooperating since 1997 with the German Hygiene Museum in Dresden via the DKV brand. The museum has set itself the task of promoting health education in an attractive and modern way, a goal to which the DKV as the largest private health insurer in Europe is also committed. In the form of a » public-private partnership, the DKV funds the German Hygiene Museum. In addition to sponsoring project-related cooperations, the funds are used to support all the work done by the museum, so that society also benefits.

ERGO Poland and ERGO Estonia are planning country-wide tours in so-called mammobuses to educate women about breast cancer. The buses will park at public meeting points such as cinemas to offer women a free medical examination (mammography). The bus tour will be backed by an information campaign on breast cancer.

## Promoting movement and sport

A further aspect of ERGO's social commitment is to promote health through sport. The annual DKV bridge race is another example of our commitment. In past years, ERGO staff have taken part in the bridge race as a personal sponsored run, with ERGO donating one euro to a social project for each kilometre completed. Promoting physical activity and therefore a healthier lifestyle is also what ERGO Hestia does in Poland. It sponsors a sailing club which, among other things, offers special training course for children.

# Saving lives by donating blood

The staff at ERGO Hestia in Poland are personally committed to the health of their fellow Poles: a specially equipped ambulance travels six times a year to ERGO's Polish headquarters and collects blood donations. Almost 200 litres of the life-saving conserved blood have already been donated in this way. Employees also donate blood regularly at the main offices in Germany and, in doing so, make a valuable contribution to the treatment of the sick and accident victims.



#### External Links

- » ERGO: Commitment to health
- » DKV Brückenlauf (DKV Bridge Run German only)

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# Foundations - Making a difference

Munich Re deploys its extensive knowledge for the benefit of others. The work done by the Munich Re Foundation, Dr. Hans-Jürgen Schinzler Foundation and ERGO Foundation is key to our corporate responsibility. » more

### Munich Re Foundation

In keeping with its motto "From Knowledge to Action", the Munich Re Foundation plays its part in helping people in difficult situations, primarily in developing countries, and improving their living conditions. For instance, in Mozambique, the foundation is working hand-in-hand with partner organisations and local communities to set up a flood warning system. » more

#### Dr. Hans-Jürgen Schinzler Foundation

Munich Re also assumes social responsibility by actively encouraging corporate volunteering. The Dr. Hans-Jürgen Schinzler Foundation facilitates voluntary work by reinsurance employees. Two projects illustrate the role played by the foundation.

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#### **ERGO Youth & Future Foundation**

ERGO's (formerly Hamburg-Mannheimer's) "Jugend & Zukunft" ("Youth & Future") Foundation was set up to give disadvantaged youngsters better career prospects, primarily through the medium of an annual €100,000 national sponsorship prize. » more

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# FOUNDATIONS – MAKING A DIFFERENCE

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# Foundations - Making a difference

The work of Munich Re's foundations is part and parcel of Munich Re's corporate responsibility. We have assumed social responsibility in this way for many years, deploying our extensive knowledge in order to benefit others. Three examples show how Munich Re's foundations provide active support and deliver effective solutions.

Some time ago, Munich Re recognised that foundations can be a major driver of social development and that aid projects generate a major knock-on effect. A key aspect of Munich Re's commitment to corporate responsibility is that we provide funding for and work closely with our foundations.

### The Munich Re Foundation: Helping people in difficult situations

In keeping with its motto "From Knowledge to Action", the Munich Re Foundation seeks to help people around the globe, and especially in developing countries, who are exposed to hazardous situations, and to improve their circumstances. This led, in 2005, to the launch of the foundation's annual International Microinsurance Conference at which international insurance and development experts consider how the risks of population groups on low incomes can be covered by microinsurance. The foundation is also involved in research into vulnerability and disaster prevention, and several thousand people now benefit, for instance, from a flood-warning system in Mozambique set up by the foundation in conjunction with the German Agency for Technical Cooperation (GTZ).

#### Dr. Hans-Jürgen Schinzler Foundation backs corporate volunteering

The Dr. Hans-Jürgen Schinzler Foundation is the global corporate volunteering platform for reinsurance employees at Munich Re. The foundation was set up to support voluntary work by former and current Munich Re employees. It sponsors a variety of projects concerned with children, young people, culture, charity work, healthcare, the environment and science. For instance, the foundation is supporting a Munich Re employee who organises leisure activities for patients at the Neurokom Isarwinkel rehabilitation clinic in Bad Tölz by accompanying them on walks and local outings.

### ERGO Foundation helps disadvantaged youngsters

ERGO's (formerly Hamburg-Mannheimer's) "Jugend & Zukunft" ("Youth & Future") Foundation was established to improve the career prospects of disadvantaged youngsters. It awards an annual national sponsorship prize worth €100,000 in recognition of projects that give young people better prospects.

## Munich Re foundations:





ERGO Stiftung Jugend & Zukunft

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# Munich Re Foundation – Improving living conditions

A company with as much knowledge as Munich Re should also share it. Munich Re fulfils this responsibility with the Munich Re Foundation. In keeping with its motto "From Knowledge to Action", the Munich Re Foundation plays its part in helping people in difficult situations, primarily in developing countries, and improving their living conditions. For instance, it is helping people in Mozambique set up an early-warning system to protect themselves from the floods to which they are regularly exposed.

Munich Re adopts a prospective, prudent and responsible risk management approach. For around 130 years, we have continuously created value over the long term by assuming a wide diversity of risks globally.

For example, in Mozambique, where river floods are increasingly common – more than 700 people dying in heavy flooding in 2000. The Munich Re Foundation is therefore committed to ensuring that the inhabitants of this country situated in southeast Africa will be better able to protect themselves from catastrophes in the future.

#### Mozambique flood-warning system

Since 2005, the Munich Re Foundation's Mozambique flood-warning system project has been involved in the establishment of a simple but effective early-warning system along a number of rivers, including the Búzi. It uses existing structures and the experience of well-known organisations to provide help as efficiently as possible. Experts from the German Agency for Technical Cooperation (GTZ) and the World Institute for Disaster Risk Management (DRM) set up the early-warning system with the help of local experts and institutions and in conjunction with the local population. The Mozambique flood-warning system is supported and endorsed by the region's inhabitants and politicians. They and the Munich Re Foundation make risk prevention possible for hundreds of thousands of Mozambicans. Wolfgang Stiebens, project partner on the ground, commented on the early-warning-system partnership as follows: "We can only use our expertise to make things happen provided we receive effective aid resources thanks to the support of partners like the Munich Re Foundation."

#### Microinsurance safeguarding livelihoods

The Munich Re Foundation's efforts are making themselves felt not only in Mozambique. Indeed, its worldwide projects are aimed at helping to achieve the United Nations Millennium Development Goal of ending poverty, which is why the foundation has organised an annual International Microinsurance Conference since 2005. Microinsurance offers low-income population groups an opportunity to insure against risks, primarily health risks, cushioning them against the consequences of severe financial hardship.

## Forum for microinsurance experts

The conference offers representatives of the insurance industry, regulatory authorities, development organisations and research institutes a platform for discussing new ways to insure the lowest income groups at reasonable cost. The 2009 conference in Dakar, Senegal, for example, attracted some 400 experts from 64 different countries. The biggest microinsurance conference in the world, it is held in turn in Africa, Asia, and Latin America.





Under the flood-warning system, precipitation levels are measured daily and critical readings reported.



The 5th International Microinsurance Conference took place in Dakar, Senegal, from 3–5 November 2009. Experts from over 190 organisations discussed low-cost insurance solutions for the world's poor.

## Related Topics

» Reinsurance: Microinsurance

## External Links

- » Munich Re Foundation
- » Munich Re Foundation: Publications

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# Dr. Hans-Jürgen Schinzler Foundation sponsors volunteering from Bavaria to Lesotho

Munich Re also assumes social responsibility by actively promoting » corporate volunteering. The Dr. Hans-Jürgen Schinzler Foundation facilitates voluntary work by reinsurance employees. This Munich Re platform ensures effective aid can be provided in Germany and elsewhere. Two projects illustrate the role played by the foundation.

The Dr. Hans-Jürgen Schinzler Foundation was set up to facilitate voluntary work carried out worldwide by Munich Re (reinsurance) staff in a variety of areas, including culture, healthcare, the environment, charity work and science. Most of the projects sponsored by the foundation are in aid of children and young people.

#### Munich Re volunteer helps rehabilitation patients

One example illustrating this form of volunteering is that of a Munich Re employee who organises leisure activities for patients at the NeuroKom Isarwinkel rehabilitation centre in Bad Tölz. People who have suffered severe cerebral injuries as a result of an accident or haemorrhage are admitted to the centre to take part in a 14-month rehabilitation programme. The Munich Re volunteer accompanies patients on excursions to the countryside, walks and visits to cafés. The Schinzler Stiftung has also funded the purchase of a new vehicle to take patients on outings.

This sort of commitment by reinsurance group employees changes the way people perceive us, a point emphasised by Josef-Markus Bader, Chairman of the Schinzler Foundation: "We show the outside world that Munich Re is also concerned about helping others."

#### **Classroom commitment**

The Schinzler Foundation is also actively involved in a project in the southern African state of Lesotho, where learning conditions for children are generally poor. To improve classroom conditions, the foundation donated money to finance the purchase of furniture for a school in Malealea. The 200 pupils now have classrooms equipped with desks and chairs instead of rough and ready conditions and even lessons outdoors in some cases.

More than 100 items of furniture, blackboards and other equipment were purchased in the initiative launched by a Munich Re employee. Delivery was a problem because the school can only be accessed on foot so that desks and chairs had to be transported through a steep-sided gorge and along a river. Lorenz Dolezalek of Munich Re summed up his views on the project: "It was a very worthwhile – and rewarding – effort". Those involved took part in a ceremony to mark the successful conclusion of this tour de force – with speeches, songs and African dancing.





Thanks to the commitment of Munich Re's Lorenz Dolezalek teaching conditions at Malealea school have been substantially improved.

#### Related Topics

» Social commitment

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# **ERGO** Foundation creates future prospects

ERGO's (formerly Hamburg-Mannheimer's) "Jugend & Zukunft" ("Youth & Future") Foundation was set up to give disadvantaged youngsters better career prospects, primarily through the medium of an annual €100,000 national sponsorship prize, presented by the foundation since 2006.

The ERGO Foundation's "Jugend & Zukunft" sponsorship prize is awarded to outstanding projects that promote the physical, mental or social development of disadvantaged youngsters. The award was won by a public/non-profit organisation for the fourth time in 2009. In preceding years, the prize had been awarded to projects in the fields of music and football, but the 2009 prize was presented in recognition of innovative projects and outstanding programmes in the field of applied drama.

#### Threefold effect

The effect of the prize is threefold. Firstly, it gives direct support to worthwhile initiatives, so that they can broaden and enhance their work. Secondly, the prize is intended to raise the profile of the projects and inspire others to undertake key social initiatives. Thirdly, by awarding this prize, the "Jugend & Zukunft" ("Youth has a future") Foundation acts as a platform where different initiatives can network, thereby increasing their impact as individual projects.

#### All the world's a stage

The theatrical world provides fertile ground for projects supporting children and young people. Some 250 initiatives from the whole of Germany competed for the 2009 national sponsorship prize, the theme of which was "Theatre moves". A jury shortlisted twelve finalists and the winner was the Ernst Deutsch "Platform Festival 2010" youth theatre festival. Each year a different socio-political issue is highlighted, the theme for the 2009/10 season being "Crisis". At the official award ceremony, the prize was presented to the winners by jury chairman John Neumeier, artistic director of the Hamburg Ballet. The "Platform Festival 2010 – Crisis" project team was delighted to receive the support of the ERGO Foundation. "This award will help us develop new perspectives for many disadvantaged children and youngsters."

#### Many laureates - Countless winners

The 2009 theatre project is a worthy successor to previous years' winners. The 2008 prize was won by Hamburg's Jamliner music bus. This is a converted bus, equipped with instruments and sound systems, which takes young people and music teachers around their local neighbourhoods and gives the youngsters an opportunity to develop and implement their creative ideas. The "Staunen und Lachen verbindet" ("Let us entertain you") (2007 winner) circus project at Blankenhain near Weimar gives young people with physical or mental disabilities a chance to organise and present their own circus. And the Gangway-Fußball-Liga (Gangway Football League) (2006 winner) invites youngsters from a variety of backgrounds who come from all over Germany to take part in a tournament held in Berlin so that playing football helps them develop a team spirit and sense of fair play. The theme of this football league with a difference is "Fair play beats street-fighting".

# ERGO Stiftung Jugend & Zukunft



The main idea behind the "platform Festival 2010" youth theatre festival, organised by the Ernst Deutsch Theatre in Hamburg, is to give young people from non-cultural backgrounds access to cultural activities.

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» ERGO "Youth & Future" Foundation

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# **FACTS AND FIGURES**

# Comprehensive and transparent

Munich Re aims to report comprehensively and transparently on its performance in the field of corporate responsibility. In this section, we therefore provide detailed figures and compact information.

On the following subpages, we have compiled all the important data and facts relating to Munich Re's corporate responsibility. They include key performance figures and detailed disclosures for the indicators of the Global Reporting Initiative (GRI). The CR portal and the GRI disclosures, including the sector supplement, also constitute our Communication on Progress for the Global Compact.

We additionally report on how our corporate responsibility performance is assessed by actors in the financial markets and what partnerships and initiatives we are engaged in.

#### The CR portal

The corporate responsibility portal presents Munich Re's approach to corporate responsibility. » more

#### Key performance indicators

With reference to the areas of finance, environment and human resources, we detail what indicators are relevant for the management of our corporate responsibility activities and how our performance measures up. » more

#### GRI reporting and Global Compact Communication on Progress

The corporate responsibility portal is based on the guidelines of the Global Reporting Initiative (GRI). The GRI disclosures cover the Communication on Progress for the Global Compact. » more

#### Indices

Munich Re's positive ratings and inclusion in sustainability indices and funds show that we are pursuing a successful corporate responsibility strategy. » more

#### Memberships and partnerships

For Munich Re, corporate responsibility means actively taking part in cooperation partnerships and systematically promoting initiatives.

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#### Related Topics

» CR at Munich Re: Areas for action

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# About the corporate responsibility portal

The corporate responsibility portal presents Munich Re's approach to corporate responsibility. We back this up with examples of various measures and detailed indicators, and explain the connection between corporate responsibility and our business.

Munich Re's guiding principle is to create sustainable value and conduct its affairs in a responsible manner. Our corporate responsibility portal (CR portal) describes the measures we have initiated and the successes we have achieved.

#### Comprehensive reporting on the whole Group

On the internet platform, we report on the activities of the Group as a whole on an ongoing basis, including the three business fields of reinsurance, primary insurance and Munich Health, and on MEAG, the asset manager for Munich Re.

The measures and activities presented mainly relate to the period 1 January 2009 to 15 September 2010, whereas the key figures concern the 2009 financial year as at 31 December 2009. The content of the CR portal is only available online in German and English, and a PDF version has been downloadable since the launch of the CR portal on 12 October 2010. This document is simultaneously our Corporate Responsibility Report for 2009.

#### Selected topics - Qualitative and quantitative reporting

To ensure that the CR portal gives a representative picture of our performance, the topics and contents have been selected according to their importance and the interests of our stakeholders. With its data base for recording CR-specific information, which was introduced in 2009, Munich Re has increased the proportion of (Group) staff covered from around 45% to 65%.

### **GRI Guidelines and Global Compact Communication on Progress Report**

In designing the CR portal, we took as a basis the G3 Guidelines of the Global Reporting Initiative (GRI) and the Financial Services Sector Supplement. After checking, the GRI confirmed Application Level B for the portal. The GRI Indicators and Financial Services Sector Supplement have been compiled in separate GRI disclosures.

The ten principles of the Global Compact provide us with important guidelines for our actions. As a member of the Global Compact, we therefore regularly report on our established systems, measures and services. The CR portal and the GRI disclosures also constitute our Communication on Progress for the Global Compact.

## Contacts

The Munich Re contact person for the CR portal is Kerstin Lücke. Please address your queries and comments to her at » responsibility@munichre.com.

#### Related Topics

» GRI and Global Compact

- » About Munich Re
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MUNICH RE > CHALLENGES

RESPONSIBLE MANAGEMENT

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# Performance indicators

With detailed indicators from the areas of finance, environment and human resources, we quantify our performance in the field of corporate responsibility. These indicators form the basis for the systematic planning of our measures.

#### Financial indicators

Considering the difficult macroeconomic situation, Munich Re's business performed well in 2009. We succeeded in improving both our operating result and our consolidated result. » more

#### **Environmental indicators**

As a financial services provider, Munich Re only has a small environmental footprint compared with that of manufacturing companies. We are nevertheless constantly working to reduce our emissions and consumption of resources. » more

#### **Employee indicators**

Our staff provide the basis for our success with their competence, motivation and commitment. » more

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# Financial indicators (IFRS)<sup>1</sup>

Munich Re's business performed well in the 2009 financial year, despite the difficult macroeconomic climate. We significantly improved the operating result and our consolidated result.

Adjusted to eliminate an intra-Group dividend payment from ERGO to Munich Reinsurance Company in 2008, the result for reinsurance climbed by 75.8% year on year. The improvement was mainly attributable to the below-average burden from major losses and an increased investment result. The financial crisis triggered a rise in man-made losses. Our operating result for reinsurance, which includes the relevant investment result, was up 8.9% to €4.2bn.

In the first half of 2009, primary insurance business still reflected the impact of the capital market crisis. By contrast, thanks to our continued good underwriting in property-casualty business and less strain from the capital markets, the picture from July to December was a positive one. For the whole financial year 2009, the primary insurance result climbed to €375m.

#### **Munich Re**

	2009	2008	2007
€bn	41.4	37.8	37.3
€m	4,721	3,834	5,573
€m	1,264	1,372	801
€m	2,564	1,579	3,923
€m	43	24	83
€bn	182.2	174.9	176.2
%	11.8	7.0	15.3
€bn	22.3	21.1	25.3
€bn	3.2	2.5	0.8
€bn	163.9	157.1	152.4
	47,249	44,209	38,634
	€m	<ul> <li>€bn 41.4</li> <li>€m 4,721</li> <li>€m 1,264</li> <li>€m 2,564</li> <li>€m 43</li> <li>€bn 182.2</li> <li>% 11.8</li> <li>€bn 22.3</li> <li>€bn 3.2</li> <li>€bn 163.9</li> </ul>	€bn       41.4       37.8         €m       4,721       3,834         €m       1,264       1,372         €m       2,564       1,579         €m       43       24         €bn       182.2       174.9         %       11.8       7.0         €bn       22.3       21.1         €bn       3.2       2.5         €bn       163.9       157.1

## Reinsurance<sup>3</sup>

		2009	2008	2007
Gross premiums written	€bn	24.8	21.9	21.5
Investments	€bn	78.5	78.4	81.9
Net technical provisions	€bn	55.3	55.8	55.5
Property-casualty reserve ratios	%	272.7	271.9	272.0
Large and very large losses (net)	€m	1,157	1,507	1,126
Losses from natural catastrophes	€m	196	832	634
Combined ratio property-casualty	%	95.3	99.4	96.4

# Primary insurance<sup>3</sup>

		2009	2008	2007
Gross premiums written	€bn	17.5	17.0	17.3
Investments	€bn	119.5	114.0	109.3
Net technical provisions	€bn	108.7	101.4	96.9
Property-casualty reserve ratios	%	125.6	118.8	121.4
Combined ratio property-casualty	%	93.1	90.9	93.4

## Our shares

		2009	2008	2007
Earnings per share	€	12.95	7.74	17.83
Dividend per share	€	5.75	5.50	5.50
Dividend	€m	1,088	1,073	1,124
Share price at 31 December	€	108.67	111.00	132.94

### Related Topics

- » Environmental indicators
- » Employee indicators

#### Download

» Group annual report 2009 (PDF, 13.2 MB)

- » About Munich Re
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Munich Re's market value at 31 December<sup>4</sup> €bn 21.5 22.9 29.0

<sup>1</sup>Previous year's figures adjusted pursuant to IFRS 3.62 (see "Consolidation" on pages 190 ff. of the Munich Re Group Annual Report 2009) and to IFRS 8 and IAS 8 (see "Changes in accounting policies" on pages 196 ff. of the Munich Re Group Annual Report 2009).

 $<sup>^2\</sup>mbox{Including}$  those apportionable to minority interests and policyholders.

 $<sup>^3\</sup>mbox{Before elimination of intra-Group transactions across segments.}$ 

<sup>&</sup>lt;sup>4</sup>This includes own shares earmarked for retirement.





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## **Environmental indicators**

Although, as a financial services provider, Munich Re's environmental footprint is small compared with that of manufacturing companies, we are constantly endeavouring to reduce our emissions and cut down on the resources we consume.

Our resources and consumption reporting relates to the main environmental impacts of financial services providers, namely our consumption of paper, energy and water, the waste we produce, the number of business trips undertaken and our greenhouse gases emissions. The list is gradually being extended and improved to cover additional items and a greater percentage of our staff but, as a result of this broader and enhanced statistical base, the occasional "blip" occurs in the time series.

The number of staff employed at Munich Re has increased significantly in the last few years. However, although more staff are now included in the records, the percentage captured has fallen. The same applies to the percentage of staff included in our environmental management systems.

### Related Topics

- » Financial indicators
- » Employee indicators
- » Commitments: Environment

#### Service Links

- » About Munich Re
- » Contact
- » GRI & Global Compact
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#### Munich Re's environmental indicators

Indicator	Unit	2009	2008	2007
Proportion of employees captured by indicator	Percentage of staff	46	48	55
Proportion of employees captured by certified environmental management system	Percentage of staff	18	20	23
Paper consumption	Per employee in tonnes (t)	0.04	0.04	0.04
Direct energy consumption	Per employee in gigajoules (GJ)	19.00	23.79	22.39
Indirect energy consumption	Per employee in gigajoules (GJ)	28.35	29.05	30.44
Water consumption	Per employee in m <sup>3</sup>	19.62	20.39	32.48
Total direct, indirect and other greenhouse gas emissions (scope 1, 2, 3)	Per employee in tonnes (t)	6.00	6.15	6.11
Waste	Per employee in tonnes (t)	0.35	0.23	0.26
Business trips	Per employee in kilometres (km)	7,069.95	7,670.36	7,016.76
No. of staff as at 31 December		47,249	44,209	38,634

## **Environmental indicators: Reinsurance**

Indicator	Unit	2009	2008	2007
Proportion of employees captured by indicator	Percentage of staff	53	54	78
Proportion of employees captured by certified environmental management system	Percentage of staff	28	33	46
Paper consumption	Per employee in tonnes (t)	0.05	0.04	0.04
Direct energy consumption	Per employee in gigajoules (GJ)	0.70	0.30	0.30
Indirect energy consumption	Per employee in gigajoules (GJ)	35.50	40.00	41.80
Water consumption	Per employee in m <sup>3</sup>	26.20	26.60	90.70
Total direct, indirect and other greenhouse gas emissions (scope 1, 2, 3)	Per employee in tonnes (t)	7.27	7.75	8.20
Waste	Per employee in tonnes (t)	0.22	0.28	0.26
Business trips	Per employee in kilometres (km)	12,584.00	14,922.00	15,952.00
No. of staff as at 31 December		13,309	10,534	7,372

## **Environmental indicators: Primary insurance**

Indicator	Unit	2009	2008	2007
Proportion of employees captured by indicator	Percentage of staff	42	45	49
Proportion of employees captured by certified environmental management system	Percentage of staff	14	16	18

No. of staff as at 31 December		788	808	770
Business trips	Per employee in kilometres (km)	6,536.10	6,253.82	7,817.08
Waste	Per employee in tonnes (t)	0.11	0.10	0.10
Total direct, indirect and other greenhouse gas emissions (scope 1, 2, 3)	Per employee in tonnes (t)	3.20	3.18	3.38
Water consumption	Per employee in m <sup>3</sup>	10.00	12.31	12.36
Indirect energy consumption	Per employee in gigajoules (GJ)	19.38	18.36	18.33
Direct energy consumption	Per employee in gigajoules (GJ)	0.00	0.00	0.00
Paper consumption	Per employee in tonnes (t)	0.05	0.05	0.05
Proportion of employees captured by certified environmental management system	Percentage of staff	0	0	0
Proportion of employees captured by indicator	Percentage of staff	100	75	70
Indicator	Unit	2009	2008	2007
MEAG environmental indicators				
No. of staff as at 31 December		33,152	32,867	30,460
Business trips	Per employee in kilometres (km)	4,869.00	5,381.00	4,834.00
Waste	Per employee in tonnes (t)	0.41	0.22	0.26
Total direct, indirect and other greenhouse gas emissions (scope 1, 2, 3)	Per employee in tonnes (t)	5.55	5.71	5.67
Water consumption	Per employee in m <sup>3</sup>	17.20	18.60	18.90
Indirect energy consumption	Per employee in gigajoules (GJ)	25.70	25.80	28.00
Direct energy consumption	Per employee in gigajoules (GJ)	26.80	31.90	28.30
Paper consumption	Per employee in tonnes (t)	0.03	0.04	0.04





MUNICH RE > CHALLENGES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS COMMITMENTS FACTS AND FIGURES

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# **Employee indicators**

Highly qualified and motivated staff are key to the success of our business. Munich Re currently has some 47,000 employees. They apply their risk knowledge and innovative thinking to create sustained value. This section of the corporate responsibility portal shows the evolution in Munich Re's employee indicators for the period 2007–2009.

#### Munich Re employee indicators

		2009	2008	2007
No. of staff		47,249	44,209	38,634
No. of staff by line of business	Reinsurance	13,309	10,534	7,372
	Primary insurance	33,152	32,867	30,460
	Asset management	788	808	802
Percentage of female staff	Female employees (%)	49.87	51.44	50.51
	Female managers (%)	23.37	21.41	18.08
No. of staff by age	29 and under	3,151	3,171	2,626
	30 to 49	17,668	16,399	15,244
	50 and over	6,070	5,046	4,248
No. of staff by type of employment contract	No. of full-time staff	23,033	21,129	18,826
	No. of part-time staff	3,856	3,487	3,292
Sick leave	Sick leave (%)	4.17	4.36	4.37
Training	Training costs per staff member (€)	1,082	777	879
	No. of days' training per staff member	3.52	3.29	1.85
Staff turnover rate	Weighted average turnover rate (%)	6.40	4.85	5.18
Length of service	Weighted average length of service (years)	14.89	14.69	14.37

## Remarks

The reported figures relate to 66% of Munich Re staff. In cases where primary insurance data include desk staff only the proportion was about 10% lower. Number of days' training per staff member in 2007 excluding primary insurance. Length of service relates to German offices only.

## **Employee indicators – Reinsurance**

		2009	2008	2007
Reinsurance staff worldwide		13,309	10,534	7,372
No. of staff by region (%)	Germany	28.1	32.9	46.2
	Rest of Europe	11.4	10.8	12.3
	North America	52.2	46.2	26.3
	Latin America	1.0	1.3	1.7
	Asia and Australasia	4.1	4.9	6.4
	Africa, Near and Middle East	3.1	3.9	7.1
Percentage of female staff	Female employees (%)	45.77	50.96	46.88
	Female managers (%)	31.36	29.77	20.46
No. of staff by age	29 and under	1,066	884	342
	30 to 49	5,954	4,714	3,364
	50 and over	2,718	1,745	953
No. of staff by type of employment contract	No. of full-time staff	8,912	6,676	4,098
	No. of part-time staff	826	667	561
Sick leave	Sick leave (%)	1.81	2.03	2.46
Training	Training costs per staff member (€)	1,259	1,249	1,723
	No. of days' training per staff member	3.58	2.59	1.88
Staff turnover rate	Weighted average turnover rate (%)	4.79	4.50	4.47

#### Related Topics

- » Financial indicators
- » Environmental indicators
- » Responsible management: Responsibility towards staff

- » About Munich Re
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#### Remarks

Unless otherwise indicated, the figures apply to Munich and our main offices in North America. Of the companies acquired in the past few years, Midland and Sterling are included from 2008 and HSB from 2009. Staff employed in Munich Health, which was launched on 1 May 2009, are included in the figures for reinsurance. Due to the different reporting standards that apply to US companies, there are no uniform turnover, training, length of service and sick leave figures for all US companies. Since 2007, the proportion of staff captured by the indicators has risen by 10% to over 73%.

#### **Employee indicators – Primary insurance**

,867 30,46		2009		
, -	32,867	33,152		ERGO Group staff*
64.4 70	64.4	61.6	Germany	No. of staff by region (%)*
33.6 28	33.6	36.4	Rest of Europe	
2.0 1	2.0	2.0	Asia and Australasia	
2.03 51.4	52.03	52.22	Female employees (%)	Percentage of female staff**
9.02 17.7	19.02	19.92	Female managers (%)	
197 2,18	2,197	2,011	29 and under	No. of staff by age
,036 11,23	11,036	11,074	30 to 49	
232 3,23	3,232	3,278	50 and over	
,718 13,99	13,718	13,411	No. of full-time staff	No. of staff by type of employment contract
747 2,66	2,747	2,952	No. of part-time staff	
5.18 4.9	5.18	5.46	Sick leave (%)	Sick leave
534 62	534	994	Training costs per staff member (€)	Training
3.66 N	3.66	3.58	No. of days' training per staff member	
4.80 4.4	4.80	7.20	Staff turnover rate (%)	Staff turnover rate
15.7 15	15.7	16.0	Length of service (years)	Length of service
3		3.58 7.20	No. of days' training per staff member  Staff turnover rate (%)	Staff turnover rate  Length of service

#### Remarks

All other data relate to desk staff in Germany. Average percentage of ERGO, Germany, staff captured (including field staff): 63.98%. Excluding field staff: 51.38%.

The substantial rise in training costs in 2009 is due to the additional field staff included.

# Employee indicators – MEAG

		2009	2008	2007
No. of staff		788	808	802
No. of staff by region (%)	Germany	99.62	99.63	99.75
	Asia and Australasia	0.38	0.37	0.25
Percentage of female staff	Female employees (%)	39.59	40.72	47.01
	Female managers (%)	10.84	10.59	11.49
No. of staff by age	29 and under	74	90	96
	30 to 49	640	649	644
	50 and over	74	69	62
No. of staff by type of employment contract	No. of full-time staff	710	735	737
	No. of part-time staff	78	73	65
Sick leave	Sick leave (%)	3.26	2.80	3.03
Training	Training costs per staff member (€)	1,164	1,418	1,269
	No. of days' training per staff member	1.60	2.10	1.70
Staff turnover rate	Turnover rate (%)	9.80	9.00	12.90
Length of service	Length of service (years)	7.40	6.90	8.00

## Remarks

The proportion of staff captured by the indicators is 100%.

<sup>\* =</sup> ERGO Group worldwide

<sup>\*\* =</sup> ERGO in Germany including field staff (also applies to training costs per staff member in 2009)

# **GRI reporting and Global Compact Communication on Progress**

In preparing the Munich Re corporate responsibility portal, we have taken as a basis the G3 Principles of the Global Reporting Initiative (GRI) and the Financial Services Sector Supplement. Our aim is to make our performance more transparent and comprehensible. Application Level B has been confirmed by the GRI.

In August 2007, Munich Re joined the United Nations Global Compact. The indicators presented in the GRI disclosures simultaneously fulfil the requirements of the annual Communication on Progress Report. We thus document the measures we have taken to firmly anchor the ten principles of the Global Compact in our operations.

The following tables contain summarised comments on the individual indicators and refer to Munich Re's CR portal and other publications.

## Strategy, organisation and reporting profile

GRI-No./ (GC*)	Performance indicator / Brief answer	Link	Degree of compliance
1.0	Strategy and analysis		
1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy  A forward-looking and responsible approach – Corporate Responsibility in action – has been an integral part of Munich Re's Group strategy for many years. Our core business, the coverage of insurance and reinsurance risks, represents the unique selling proposition we offer our clients for the future. For that reason, our business model is based on our ability to always meet the obligations assumed under our insurance contracts. That is why we seek to be a reliable partner to our clients, our staff, our investors and also to the society in which we live and work.  Nikolaus von Bomhard, Munich Re Chairman of the Board of Management	CR portal  » Statement  CEO	Full
1.2	Description of key impacts, risks, and opportunities	CR portal	Full

	Munich Re's business environment is one of increasing complexity, with an upward trend in major insurance-relevant events.	<ul> <li>» Challenges</li> <li>Group annual report 2009 (p. 78 ff., 164)</li> <li>» Download (PDF, 13.2 MB)</li> </ul>	
2.0	Organisational profile		
2.1	Name of the organisation  Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München		Full
2.2	Primary brands, products, and/or services  In insurance terms, Munich Re brings together what belongs together. Our integrated business model realises synergies and diversification effects along the whole value chain. This is achieved by our three business fields: primary insurance, reinsurance and Munich Health as the third pillar for the challenges of the global healthcare market.	Group annual report 2009 (Cover text, p. 56–62)  » Download (PDF, 13.2 MB)  Corporate website (Strategy)  » munichre.com	Full
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures  Munich Re is one of the world's leading risk carriers. Our integrated business model rests on three pillars: reinsurance, primary insurance and Munich Health.	Group annual report 2009 (p. 56–62, 298–301) <u>» Download</u> (PDF, 13.2 MB)	

2.4	Location of organisation's headquarters		Full
	Munich, Germany		
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report Munich Re (reinsurance) operates worldwide and is represented in Africa, Asia, Australia and New Zealand, Europe, Latin America North America.	Group annual report 2009 (Cover text behind)  » Download (PDF, 13.2 MB)	Full
		Websites  » Munich Re (Reinsurance) » ERGO » Munich Health » MEAG	
2.6	Nature of ownership and legal form  Munich Re is a joint-stock company (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München).  On 31 December 2009, we had a free float of 100%. The vast majority of shares were held by institutional investors such as banks, insurers or investment companies; around 8.3% were in the hands of private investors.	Group annual report 2009 (p. 13, 14)  » Download (PDF, 13.2 MB)  Website (Shareholder profile)  » munichre.com	Full
2.7	Markets served		Full

	The Munich Re companies operate globally.		
2.8	Scale of the reporting organisation  On 31 December 2009, the number of staff employed by Munich Re (Group) was 47,249. Consolidated result: €2,564m Total capitalisation broken down according to liabilities and equity: Technical provisions (75.6%), other liabilities (12.1%), equity (10.0%, €22.278bn), bonds and subordinated liabilities (2.3%).  Number of products and services offered: Munich Re is one of the world's leading risk carriers. The Group's business operations cover the whole value chain of insurance and reinsurance. Munich Re is also active in the field of asset management.	Group annual report 2009 (p. 178 ff.) <u>» Download</u> (PDF, 13.2 MB)	Full
2.9	Significant changes during the reporting period regarding size, structure, or ownership  In the reporting period, the acquisition of US specialty insurer Hartford Steam Boiler Inspection and Insurance Company (HSB) was successfully concluded. The transaction was formally completed on 31 March 2009.	Group annual report 2009 (p. 8)  » Download (PDF, 13.2 MB)	Full
2.10	Awards received in the reporting period  Here is a selection of awards and prizes conferred on Munich Re in the reporting period:		Full
3.0	Report parameters	•	l
3.1	Reporting period for information provided  On its corporate responsibility (CR) portal, Munich Re mainly presents the CR-specific measures taken and successes achieved in the reporting period 1 January to 31 December 2009.	CR portal  » About CR  portal  » Corporate  Responsibility  news	Full
3.2	Date of most recent previous report		Full
	September 2007, with an update of the key indicators in the sustainability portal in 2008		

3.3	Reporting cycle		Full
	Annual		
3.4	Contact point for questions regarding the report and its contents  Kerstin Lücke <u>» responsibility@munichre.com</u>	CR portal  » Contact	Full
3.5	Process for defining report content  Our stakeholders' main expectations are the basis for the topics chosen for the corporate responsibility portal. Our stakeholders' core concerns are ascertained by means of regular dialogue and through studies and surveys.	CR portal  » Stakeholder  dialogue	Full
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)  The CR portal covers the Munich Re Group as a whole.	CR portal  » About CR  portal	Full
3.7	State any specific limitations on the scope or boundary of the report  The CR portal addresses the most important and relevant activities in the field of Munich Re's corporate responsibility.	CR portal  » About CR  portal	Full
3.8	The basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations  In accordance with the guidelines outlined in the Global Reporting Initiative (GRI), the information on the CR portal covers all companies in which Munich Re has a controlling interest. The key figures concerning human resources and the environmental sector relate to 65% of Munich Re's employees. All other information presented in the key figures refers to the Group as a whole.	CR portal  » Key figures	Full
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report In 2009, we decided to expand our environmental data base and collect data and information relevant to CR Group-wide using a special CR software solution.	CR portal  » Key figures  » GRI & Global  Compact	Full

3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/ acquisitions, change of base years/periods, nature of business, measurement methods)	CR portal  » Key figures	Full
	We generally report on the past three years in order to show the development of these performance indicators. As far as the environmental indicators are concerned, we have expanded the information recorded in the Group compared with previous years, thereby increasing the proportion of staff covered.		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		Full
	In the case of the CR data, the information gathered in the Group has been expanded compared with previous years. Thus we have collected data for more employees than in previous years. We currently record data at our main sites. Furthermore, we have replaced the VfU conversion standard with current international standards for calculating environmental data, e.g. the greenhouse gas protocol and GRI. We cover 65% of Group employees here as well.		
3.12	Table identifying the location of the standard disclosures		Full
	The following table provides information on the indicators reported on.		
3.13	Policy and current practice with regard to seeking external assurance for the report  Transparent reporting is based on valid, plausible data. Our Group-wide software system SoFi combines all CR-relevant Group data. As a first step, we have had our environmental management system certified at a number of sites and increased the proportion of employees captured by the indicator.		Not reported

# Governance, commitments and engagement

GRI-No./ (GC*)	Performance indicator / Brief answer		Degree of compliance
4.0	Governance, commitments and engagement		
4.1		Group annual report 2009 (p.	

	Munich Reinsurance Company is a joint-stock company ("Aktiengesellschaft") within the meaning of the German Stock Companies Act. It has three governing bodies: the Board of Management, the Supervisory Board and the Annual General Meeting. Their functions and powers derive from the relevant legal provisions, the co-determination agreement and the Articles of Association, which are published on our website.	30–34)  » Download (PDF, 13.2 MB)  Corporate website (Articles of association)  » munichre.com	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer  Dr. Hans-Jürgen Schinzler, the Chairman of Munich Re's Supervisory Board, is not the Chairman of Munich Re's Board of Management.	Group annual report 2009 (p. 71–74)  » Download (PDF, 13.2 MB)	Full
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members  This is not relevant since Munich Re has a Supervisory Board.		Not relevant
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body  Munich Re offers institutional investors, private investors and employees a range of opportunities for input in the decisions taken. These include annual general meetings, a shareholder hotline, a suggestion scheme and blogs.	Website (Investor & Rating Agency Relations)  munichre.com	Full
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance  The remuneration systems of all governing bodies and executive managers are strongly geared to	Group annual report 2009 (p. 46–48) » Download	Full

	Munich Re's long-term value creation. Readers are referred to our detailed remuneration report for further information on Munich Re's remuneration systems.	(PDF, 13.2 MB)	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided  A dual management system is prescribed by law for German joint-stock companies. It is this division into strategic and operative management on the one hand and monitoring, control and consulting on the other that provides for independent supervision of the Board of Management by the Supervisory Board.	Corporate website (Code of conduct)  munichre.com  CR portal Corporate governance	Full
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics  The Supervisory Board's Nomination Committee is responsible for finding suitable candidates for the Supervisory Board to propose to the Annual General Meeting for election.	Group annual report 2009 (p. 30, 33)  » Download (PDF, 13.2 MB)	Full
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation  It is an integral part of our business model as a global insurance group to adopt a forward-looking and responsible approach throughout our organisation. This understanding is set out in our guiding principles for corporate responsibility, which were adopted by the reinsurance group in 2006 and by ERGO in 2008 and in which we acknowledge our economic, ecological and social responsibility.	Corporate website (Code of conduct)  munichre.com  CR portal Guiding principles Compliance	Full
4.9	Procedures of the highest governance body for overseeing the organisation's identification and	Group annual	Full

	management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles  In 2008, we assigned the field of corporate responsibility to a separate unit at our Munich headquarters. This unit is incorporated in the Group Development Division, which is responsible for developing Group strategy and reports directly to the Chairman of the Munich Re Board of Management.	report 2009 (p. 23–35)  » Download (PDF, 13.2 MB)  CR portal  » CR at Munich  Re  » Corporate governance	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance  The Supervisory Board monitors Munich Re's management and long-term increase in value. Since our remuneration system is strongly geared to sustained increase in value, the Board of Management's objectives and performance appraisal in terms of fulfilling these objectives determines the amount of remuneration paid to each Board member.	report 2009 (p. 28–35) <u>» Download</u> (PDF, 13.2 MB)	Full
4.11 (7)	Explanation of whether and how the precautionary approach or principle is addressed by the organisation  Munich Re's commitment to the precautionary principle is reflected in its sophisticated risk management. The development of its risk strategy is embedded in the annual planning cycle, and hence in our business strategy.	Group annual report 2008 (p. 146)  » Download (PDF, 6.9 MB)  CR portal  » Risik management  Website (Risik management)  » munichre.com	Full

4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses  We are convinced that our business concept can only be successfully realised in the future through sustainable and responsible action. To make our understanding of the relevant values clear inside and outside our Group, Munich Re joined the United Nations Global Compact in August 2007.	CR portal  » Memberships and cooperations » Principles for Responsible Investment » Duties	Full
4.13	Memberships in associations and/or national/international advocacy organisations  Munich Re is represented in and actively contributes to numerous associations, interest groups and organisations. These include the German Insurance Association (GDV), the German Insurance Employers' Association, UNEP FI Insurance Working Group (IWG), and the Munich Climate Insurance Initiative (MCII).	CR portal  » Memberships and cooperations	Full
4.14	List of stakeholder groups engaged by the organisation  The main Munich Re stakeholder groups: Shareholders, staff, clients (including brokers), analysts, investors, rating agencies, media/press, scientists, non-governmental organisations (NGOs), figures from politics and administration, trade unions and interested members of the public.	CR portal  » Stakeholder dialogue	Full
4.15	Basis for identification and selection of stakeholders with whom to engage  Taking these many stakeholders as a basis, Munich Re's focus is on the people, groups and institutions that have a special interest in Munich Re's activities or are specifically affected by Munich Re's operations. For each stakeholder group there are special contact persons.	CR portal  » Stakeholder dialogue	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group  Communication with our stakeholders – at local, national and international level – is our basis for responsible action. Our stakeholders' suggestions and comments constitute valuable input for Munich Re. We are committed to creating added value for both sides with our dialogue-based approach.	CR portal  » Stakeholder dialogue  » Employees  » Clients  » Shareholders  » Other stakeholders	Full

4.17	organisation has responded to those key topics and concerns, including through reporting	CR portal  » Stakeholder dialogue	Full
	The different expectations and needs of the stakeholder groups are ascertained by means of ongoing direct dialogue and through studies and surveys/questionnaires. For instance, client surveys are carried out regularly and their results critically reviewed by Munich Re. One of our stakeholders' prime concerns is the need for transparency, which Munich Re addresses through various communication measures.		

## **Economic performance indicators**

GRI-No./ (GC*)	Performance indicator / Brief answer	Link	Degree of compliance
EC (1, 4, 6, 7)	Management approach  Turning risk into value – that is what Munich Re has been doing successfully for around 130 years. As an integrated insurance and reinsurance group, Munich Re adopts an international and interdisciplinary approach with a view to finding solutions that are viable for the future.	Group annual report 2009 (p. 17)  » Download (PDF, 13.2 MB)	Full
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments  Summary of the figures for the financial year 2009  The Group recorded a good operating result of €4,721m (3,834m) in 2009, €1,400m of this in the fourth quarter. Despite the share buy-back, equity rose to €22.3bn or by 5.5% over the course of the year. Return on risk-adjusted capital after tax (RORAC) amounted to 15.1% for 2009, and return on equity (RoE) to 11.8%. Gross premiums written rose by 9.5% to €41.4bn (37.8bn). If exchange rates had remained the same, premium volume would have increased by 9.9% compared with the previous year.	Group annual report 2009 (See cover page, p. 86, p. 267, p. 288)  » Download (PDF, 13.2 MB)  CR portal  » Society	Full
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate	CR portal	Full

(7)	change	» Insurance solutions for	
	Munich Re's core business is to cover risks, including climate change risks. Since climate change modifies the probable distribution of weather-related losses, it can directly affect our business.	renewable energies » Power from the desert » Project RENT » Climate change » Sustainable products	
		Group annual report 2009 (p. 164, 172)  » Download (PDF, 13.2 MB)	
		Website <u>»</u> munichre.com	
EC3	Coverage of the organisation's defined benefit plan obligations  Munich Re companies generally give commitments to their staff in the form of defined contribution plans or defined benefit plans. The type and amount of the pension obligations are determined by the conditions of the respective pension plan. In general, they are based on the staff member's length of service and salary. Company pensions are a central component of our human resources policy.	Group annual report 2009 (p. 139, 211) » Download (PDF, 13.2 MB)	Full
EC4	Significant financial assistance received from government		Full
	None		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant		Partial

(1)	locations of operation		
	Munich Re salaries are substantially above the local minimum wage level.		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation		Full
	Munich Re set up a Central Procurement department in 2008, its remit being to progressively establish a global procurement network covering the reinsurance group as a whole.		
EC7 (6)	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	CR portal  » Training and development	Full
	Munich Re complies with the applicable local laws and regulations.	<u>ac velepinelis</u>	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	Group annual report 2009 (p. 134 f)	Full
	Thoroughly understanding risks – that is the basis of Munich Re's business model. This requires, in particular, constantly analysing known risks for significant changes in their structure or occurrence probability and identifying new risks at an early stage.	» Download (PDF, 13.2 MB)	
		CR portal  » Insurance solutions for renewable energies	
F00		OD montal	E.al
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	CR portal <a href="mailto:bc:&gt;"> Climate</a>	Full
	We use our knowledge to come up with solutions that meet the needs both of our clients and of society and its financial structures, since insurance only works provided the risks can be calculated.	change » New technologies » Demographic change » Insurance solutions for	

<u>  101</u>	enewable nergies	

## **Environmental performance indicators**

GRI-No./ (GC*)	Performance indicator / Brief answer	Link	Degree of compliance
EN (7–9)	Management approach  Preserving our natural resources is a contribution to value-based management, as our economic success is inseparably linked with protecting people, the environment, and physical resources. We aim to reduce as far as possible the environmental impact arising from our business operations.	CR portal  >> Environmental commitment >> Environmental management >> Climate protection >> Resources >> Environmental indicators	
EN1 (8)	Materials used by weight or volume  We consumed 1,803 tonnes of paper in 2009.	CR portal  » Resources  » Environmental indicators	Full
EN2 (8, 9)	Percentage of materials used that are recycled input materials  More than half the paper consumed in 2009 (997 tonnes) was recycled.		Full
EN3	Direct energy consumption by primary source	CR portal	Partial

(8)	We consumed 10.406 gigajoules of direct energy in 2009 (mainly heating oil, gas, and diesel for back-up generators), including 129.5 gigajoules from renewable energy sources.	<ul> <li>» Climate protection</li> <li>» Resources</li> <li>» Environmental indicators</li> </ul>	
EN4 (8)	Indirect energy consumption by primary source  We consumed 1,339,432 gigajoules of indirect energy in 2009 (mainly electricity and district heating), including 370,145 gigajoules from renewable energy sources.	CR portal  » Climate protection » Resources » Environmental indicators	Partial
EN5 (8, 9)	Energy saved due to conservation and efficiency improvements  Munich Re Group companies resolutely strive to conserve resources and consume less energy, and this is illustrated by the following two examples:	CR portal  » Climate protection » Resources » Environmental indicators	Partial
EN6 (8, 9)	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives  Our innovative insurance solutions provide opportunities for our clients to make sustainable investments. We are firmly committed to finding innovative coverage concepts for new and complex risks as well as integrated solutions.	CR portal  » Project  RENT  » Insurance  solutions for  renewable  energies  » Eco-friendly  insurance  solutions	Full

		<ul> <li>» Investment strategies for responsible investments</li> <li>» Green building</li> </ul>	
EN7 (8, 9)	Initiatives to reduce indirect energy consumption and reductions achieved  Munich Re is striving to reduce indirect energy consumption by, for example, replacing business trips with telephone and video conferences where possible. Our staff in Munich and Düsseldorf can purchase public transport season tickets at special rates and our staff canteens use produce grown within a 200 kilometre circumference whenever possible.	CR portal  » Climate protection » Resources	Partial
EN8 (8)	Total water withdrawal by source  We consumed 927,190 cubic metres of water in 2009, 100% of which was supplied by the public water system.	CR portal  » Resources  » Environmental indicators	Full
EN9 (8)	Water sources significantly affected by withdrawal of water  Munich Re companies only use local suppliers.		Full
EN10 (8, 9)	Percentage and total volume of water recycled and reused  No Group-wide data are available for this indicator due to its limited relevance for companies in the insurance sector.  Toilets at our offices in Munich are flushed with rainwater.		Partial
EN11 (8)	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas  As a financial services provider, Munich Re only has a small environmental footprint compared with that of manufacturing companies. We are nevertheless constantly working to reduce our emissions and consumption of resources.		Not relevant

EN12 (8)	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Not relevant
	In our guiding principles for corporate responsibility and our Code of Conduct, we undertake to help protect our natural environment.		
EN13 (8)	Habitats protected or restored  No data are available for this indicator due to its limited relevance for companies in the insurance		Not relevant
EN14 (8)	sector.  Strategies, current actions, and future plans for managing impacts on biodiversity  Munich Re does not have Group-wide strategies in this respect.		Not relevant
EN15 (8)	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Not relevant
	No data are available for this indicator due to its limited relevance for companies in the insurance sector.		
EN16 (8)	Total direct and indirect greenhouse gas emissions by weight  Our total direct and indirect greenhouse gas emissions came to 248,555 t CO <sub>2</sub> -e (primary energy consumption, electricity, district heating and company cars/vehicle fleet).	CR portal  » Climate protection  » Environmental indicators	Full
EN17 (8)	Other relevant indirect greenhouse gas emissions by weight  Other relevant indirect greenhouse gas emissions totalled 34,739 t CO <sub>2</sub> -e in 2009 (from paper and water consumption, waste, travel) in 2009.	CR portal  » Environmental indicators	Full
EN18 (7–9)	Initiatives to reduce greenhouse gas emissions and reductions achieved  Our Group-wide environmental activities are focused on reducing greenhouse gas emissions, and we adopted a carbon-neutrality strategy for our reinsurance group in 2007. ERGO is mapping out an	CR portal  » Climate protection »	Partial

	equivalent strategy geared to primary insurance in Germany.	Environmental indicators	
EN19 (8)	Emissions of ozone-depleting substances by weight  Use of ozone-depleting substances is not a major issue for us. Although they may be present in our air-conditioning, we have closed-circuit systems, and maintenance work is subject to the requisite precautions, preventing the release of such substances into the atmosphere. Consequently, no Group-wide data records are available. Our Group-wide environmental activities are focused on reducing greenhouse gas emissions (and above all carbon dioxide).		Not relevant
EN20 (8)	NO, SO, and other significant air emissions by type and weight  Our environmental management system controls and emission-reduction programmes concentrate on greenhouse gases. Munich Re operates solely as a service provider, and does not release significant NO, SO, or other significant air emissions.		Not relevant
EN21 (8)	Total water discharge by quality and destination  No Group-wide data records are available. We estimate our total water discharge from our water intake to be in the order of 927,190 cubic metres. It is discharged into the public sewerage systems.		Partial
EN22 (8)	Total weight of waste by type and disposal method We produced 16,575.8 tonnes of waste in 2009. The breakdown by type and disposal method is as follows:	CR portal » Resources » Environmental indicators	Full
EN23 (8)	Total number and volume of significant spills  There were no significant spills of hazardous materials during the reporting period. Our activity as a financial services provider entails very little contact with hazardous materials and significant spills are thus unlikely.		Full
EN24 (8)	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		Not relevant

	Munich Re works with certified waste disposal entities which guarantee the correct transfer and processing of waste.		
EN25 (8)	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff  Waste water we produce is discharged into the public sewerage systems and we assume that it has no effect on biodiversity other than that which normally arises in connection with this type of discharge.		Full
EN26 (7–9)	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation  Our innovative insurance solutions enable our clients to make sustainable investments. We are firmly committed to devising innovative coverage concepts for new and complex risks together with integrated solutions. A number of our insurance and reinsurance solutions help to mitigate environmental impacts.	» Insurance solutions for renewable energies » Eco-friendly insurance solutions » Investment strategies for responsible investments » Climate change » Power from the desert	Full
EN27 (8, 9)	Percentage of products sold and their packaging materials that are reclaimed by category  No data are available as this does not apply to companies in the insurance sector.		Not relevant
EN28 (8)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations  No Group-wide figures are available.		Not answered
EN29 (8)	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	CR portal	Partial

	Business travel totalled 334,063,184 km in 2009. Environmental impacts caused by business travel are unavoidable in the insurance sector. Munich Re companies operate globally and rely on direct contacts with clients. Where possible, internal meetings are held in the form of telephone and video conferences to avoid business travel.	Environmental indicators	
EN30 (7–9)	, , , , , , , , , , , , , , , , , , , ,	CR portal  » Project  RENT	Partial

## Social performance indicators

GRI-No./ (GC*)	Performance indicator / Brief answer	Link	Degree of compliance
	1. Labour practices and decent work performance indicators Unless otherwise stated, the figures given in the following tables cover 57% (excluding ERGO field staff) of Munich Re staff globally (proportion of staff captured by indicator). Staff working in Munic set up on 1 May 2009, are included in the figure for reinsurance. Further details are available under <u>»</u> "Facts and figures" section.	ch Health, the bus	siness field
LA (1, 3, 6)	Management approach  Our staff provide the basis for our success due to their competence, motivation and commitment. We are consistently committed to investing in their development and provide all staff with equal opportunities and top-quality working conditions.	CR portal  » Responsibility towards staff	Full
LA1	Total workforce by employment type, employment contract and region  As at 31 December 2009, Munich Re employed a total of 47,249 staff. 13,309 of these in reinsurance (including Munich Health staff), 33,152 in primary insurance and 788 in asset management.	CR portal  » Responsibility towards staff  » Work-life balance » Employee indicators  Corporate	Full

		website (Staff)  munichre.com  Publication  "Staff 2009: Data and facts"  Download  (PDF)	
LA2 (6)	Total number and rate of employee turnover by age group, gender and region  The number of staff employed by Munich Re rose in 2009 due largely to international acquisitions in the reinsurance group.	Publication "Staff 2009: Data and facts"  » Download (PDF, German)  CR portal  » Responsibility towards staff  » Employee indicators	Partial
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations  Munich Re does not differentiate between benefits provided to full-time staff and those provided to part-time staff.	CR portal  » Work-life balance	Full
LA4 (1, 3)	Percentage of employees covered by collective bargaining agreements  Munich Re (reinsurance) Germany: 93%  ERGO Germany: 95%  MEAG: 97%		Full

	As Munich Reinsurance Company and the ERGO Insurance Group belong to the German Insurance Employers' Association, they are bound by the pertinent collective bargaining agreements. The regulations affect trade union members and non-members. The employees' interests are represented by staff councils within the individual group companies. Since 2007, Munich Re has had a Group Staff Council in addition to individual staff councils.		
LA5 (3)	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.  In the event of operational changes, the staff council is duly informed of the action planned in accordance with its right to information, so that it can have a say in whether, when and how such changes are effected.		Full
LA6 (1)	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes  Munich Re complies with the health and safety requirements imposed by law. Every company has its own health and safety committee with joint management/employee representation.	CR portal  » Health at the  workplace	Partial
LA7 (1)	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region  In 2009, the level of sick leave throughout Munich Re was 4.17%.  The number of occupational accidents is not recorded centrally. As a financial services provider, our exposure to occupational accidents and work-related fatalities is very small.	CR portal  » Health at the workplace  » Employee indicators	Partial
LA8 (1)	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases  As part of their responsibility as employers, Munich Re companies help their staff to look after their health and maintain it in the long term. Consequently, all the legal requirements in respect of health and safety at work are met and additional measures offered such as counselling and training programmes on stress management, ergonomic working conditions and similar issues.	CR portal  » Health at the  workplace	Full
LA9 (1)	Health and safety topics covered in formal agreements with trade unions.  Each company discusses safety at work issues with its own employee representatives. The relevant statutes are applied.		Partial

LA10	Average hours of training per year per employee by employee category.  In 2009, the average number of days' training per employee for Munich Re as a whole was 3.52.	CR portal  » Training and development  » Employee indicators	Full
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings  We give high priority to staff training and personal development. Munich Re advocates lifelong learning. We offer a wide range of training options in each of our business fields and at MEAG. Munich Re fosters key skill and specialist staff training by organising specialist and personal training measures. Modern e-learning platforms accessible to staff worldwide are another training option.	CR portal  » Training and development	Full
LA12	Percentage of employees receiving regular performance and career development reviews  Performance appraisals are part of Munich Re's performance management system. Employees and managers set objectives that are reviewed on a regular basis. Personnel development initiatives are part of the annual appraisal interviews.	CR portal  » Fair and performance- related remuneration	Full
LA13 (1, 6)	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity  Staff diversity is a key aspect of Munich Re's corporate culture.	CR portal  » Diversity  » Employee indicators  Group annual report 2009 (p. 71-74)  » Download (PDF, 13.2 MB)	Partial
LA14 (1, 6)	Ratio of basic salary of men to women by employee category	CR portal » Diversity	Partial

	Our policy on salary determination is based not on gender but on individual expertise and experience.		
	2. Human rights		
HR (1–6)	Management approach  Observance of human rights is axiomatic for Munich Re. In August 2007, Munich Re joined the United Nations' Global Compact initiative.	CR portal  » Compliance  » Risk  management	Full
HR1 (1–6)	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening  In our asset management, we follow the United Nations Principles for Responsible Investment (PRI) throughout our Group. Munich Re was the first German company to sign the Principles for Responsible Investment, which we played a prominent role in helping to establish.	CR portal  » Sustainable investments  » Principles for Responsible Investment  » Investment strategies for responsible investments	Full
HR2 (1–6)	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken  In our procurement policy, we also aim to achieve a balance in terms of economic, ecological and social aspects, which include human rights.	CR portal  » Compliance	Partial
HR3 (1–6)	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained  Our Code of Conduct is a key source of guidance for our actions and describes our understanding of the relevant values. The code specifies our rules for legally impeccable conduct, based on ethical principles.	CR portal  » Compliance	Partial
HR4 (1, 2, 6)	Total number of incidents of discrimination and actions taken  Equal treatment and non-discrimination are enshrined in Munich Re's codes of conduct. Munich Re	CR portal  » Compliance  » Diversity	Partial

	does not tolerate discrimination – whether based on age, gender, ethnic origin, cultural identity, religious beliefs, political opinions or similar grounds.		
HR5 (1–3)	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	CR portal  » Compliance	Partial
	In the period under review, no business operations were identified in which freedom of association and the right to collective bargaining were at risk.		
HR6 (1, 2, 5)	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labour	CR portal  » Compliance	Full
	In the period under review, no business operations were identified in which there was a significant risk of child labour. This aspect is of little relevance in Munich Re's business, as key units of the Group operate in countries where child labour is prohibited by law. By joining the UN Global Compact, however, Munich Re has made clear that it will not tolerate child labour.		
HR7 (1, 2, 4)	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	CR portal  » Compliance	Full
	In the period under review, no business operations were identified in which there was a significant risk of forced or compulsory labour. This aspect is of little relevance in Munich Re's business, as key units of the Group operate in countries where such labour is prohibited by law. By joining the UN Global Compact, however, Munich Re has made clear that it will not tolerate forced labour.		
HR8 (1, 2)	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	CR portal  » Compliance	Partial
	Munich Re's Code of Conduct applies to its own security staff. For external security personnel, the conditions of the new purchasing guidelines apply, which require that all new supply and service contracts must contain a corporate responsibility clause based on the UN's Global Compact.		
HR9 (1, 2)	Total number of incidents of violations involving rights of indigenous people and actions taken	CR portal  » Compliance	Full
	In the period under review, no business operations were identified in which the rights of indigenous peoples were violated. This aspect is of little relevance in Munich Re's business. By joining the UN Global Compact, however, Munich Re has made clear that it will not tolerate such business operations.		
	3. Society		
	,		

SO (10)	For us as a global risk carrier, a prospective, prudent and responsible approach is self-evident. We therefore aim to take due account of economic, ecological and social requirements in our operations. That is why the coordination of corporate responsibility is located in our corporate strategy department – to ensure that we meet the above aim both in our business and in our interaction with society.	CR portal  » Responsible corporate governance » Compliance » Anti-fraud management » Society » Foundations	Full
	Aspect: Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting  This indicator has little relevance for Munich Re as a financial services provider: in contrast to other sectors of the economy, we have only a comparatively small impact on the local community with our office-based business operations.		Not relevant
	Aspect: Corruption		
SO2 (10)	Percentage and total number of business units analysed for risks related to corruption  An anti-fraud analysis covering all business units and regions is conducted as part of the internal Group-wide risk-control system (ICS).	CR portal  » Corporate governance » Anti-fraud management » Risk management	Full
SO3 (10)	Percentage of employees trained in the organisation's anti-corruption policies and procedures  Our employees are regularly informed about the issues of anti-corruption and fraud in work instructions, courses and presentations. An expanded e-learning module for the reinsurance group on the Code of Conduct has been available to employees since August 2010. The module, based on existing learning programmes, deals not only with the issues of anti-corruption and conflicts of interest but also goes into more detail on how to handle gifts and invitations.	CR portal  » Corporate governance  » Anti-fraud management	Partial

SO4 (10)	Actions taken in response to incidents of corruption  In 2009, we continued with the Group-wide project launched in 2008 to enhance our internal risk-control system (ICS) aimed at harmonising and coordinating more closely the various control and monitoring systems in place in the Group.	CR portal  » Corporate governance  » Anti-fraud management » Risk management	Full
	Aspect: Public policy		
SO5 (1–10)	Public policy positions and participation in public policy development and lobbying  A focal point of Munich Re's lobbying activities concerns issues of national, European and international supervisory legislation. In addition, Munich Re assumes a leading role in connection with the Geneva Association. A further important area of activity is climate change and its impact on the global population and insurability of risks. In the financial sector, Munich Re aims to prevent any distortions in competition through state intervention in the economy.		Full
SO6 (10)	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country  In 2009, Munich Re made no political donations requiring publication. All political parties in Germany are obliged to publish donations they receive  ( » www.bundestag.de/bundestag/parteienfinanzierung/index.html).		Partial
	Aspect: Anti-competitive behaviour		
S07	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes  For us, adherence to high ethical and legal standards is a matter of principle. Currently, there is one suit pending against Munich Re and other reinsurance companies in Spain involving a potential infringement of competition law.		Partial
	Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		Partial

	The suit mentioned in S07 could result in a fine of up to €15m.		
	4. Product responsibility		
PR (1, 8)	Management approach  We are committed to high-quality insurance and reinsurance client management, maintaining close contacts and regular communications with our clients, and thus enhancing client satisfaction and client loyalty.		Full
	Aspect: Client health and safety		<u> </u>
PR1 (1)	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		Not relevant
	Munich Re's products are not tangible and therefore have no health and safety impacts. This indicator does not apply to our sector.		
PR2 (1)	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		Not relevant
	Munich Re's products are not tangible and therefore have no health and safety impacts. This indicator does not apply to our sector.		
	Aspect: Product and service labelling		
PR3 (8)	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		Partial
	Munich Re's product and service range – from development and marketing to conclusion of the business – is subject to strict quality controls.		
PR4 (1)	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes		Not reported
	Not applicable		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	CR portal  » Stakeholder dialogue:	Full
	Munich Re's client-focused approach is based on open dialogue with our insurance and reinsurance	<u>Clients</u>	

	clients.		
	Aspect: Marketing communications		
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Full	
	Munich Re's product and service range – from development and marketing to the conclusion of business – is subject to strict quality controls.		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not reported	
	Not applicable		
	Aspect: Customer privacy		
PR8 (1)	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not reported	
	Not applicable		
	Aspect: Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not reported	
	Not applicable		

## **Financial Services Sector Supplement**

GRI-No./ (GC*)	Performance indicator / Brief answer	Link	Degree of compliance
	Financial sector indicators: Financial Services Sector Supplement (FSSS)		
FS1	Policies with specific environmental and social components applied to business lines	Group annual report 2009 (p. 145	Full
	Our Code of Conduct and compliance manual contain information on the main areas concerned with correct business practice. The codes of conduct of all Munich Re Group companies lay down ESG (environmental, social, governance) criteria.	ff.) <u>» Download</u> (PDF, 13.2 MB)	

		CR portal  » Responsible corporate governance » Sustainable investments	
FS2	Procedures for assessing and screening environmental and social risks in business lines  A key part of our Group-wide risk management being to detect future ESG risks for our core business, we analyse and monitor our markets in order to identify such risks. Munich Re's ESG risk-identification systems are managed and monitored by Group-level functions.	CR portal  » Risk  management	Full
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions  That environmental, social and governance requirements are included in our risk assessment process can be seen from our comprehensive risk management, backed by our ICS strategy. Comprehensive risk analyses play a key part in our assessment of a client's risk profile.		Full
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines  Munich Re's CR strategy and activities are presented in various formats, at events like our induction courses for new staff members and courses for graduate recruits and trainees, and also at reinsurance and primary insurance management level.		Full
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities  One of Munich Re's main concerns has always been to foster open interaction with our stakeholders, i.e. primarily with our insurance and reinsurance clients, the media, the general public, our employees and capital market players.	CR portal  » Principles for Responsible Investment	Full
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Group annual report	Full

	Gross premiums written: €41,423m  Reinsurance: €24,823m  Life and health insurance: €9,742m  Property-casualty insurance: €15,081m  Primary insurance: €17,516m  Health insurance: €6,048m  Property-casualty insurance: €5,154m  Consolidation: -€916m  Germany: €14,476m  Rest of Europe: €11,998m  North America: €10,312m  Asia and Australasia: €2,750m  Africa, Near and Middle East: €897m  Latin America: €990m	2009/Consolidated financial statements and notes (p. 218–219) » Download (PDF, 13.2 MB)	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose  Our General Investment Guidelines stipulate that 80% of our own share and bond investments must satisfy sustainability criteria. These CR criteria include human rights issues.  Our asset management arm, MEAG, offers three sustainable investment funds: MEAG Nachhaltigkeit, MEAG KlimaStrategie and MEAG FairReturn, which came to a total of €74.58m as at 31 July 2010.		Partial
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose  Our General Investment Guidelines stipulate that 80% of our own investments in shares and bonds must satisfy sustainability criteria.		Partial
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	CR portal  » Environmental  management	Full

	Munich Re's Environmental Management System (EMS) is certified to ISO 14001, our Code of Conduct and environmental guidelines being geared to and supporting this system. Our externally certified environmental management system also monitors compliance with internal sustainability criteria and targets.		
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues  It is difficult to put a precise figure on the number of companies with whom we interact on social or ecological issues. In the course of our business relationships, our management has dealings with the managements of several hundred companies, these contacts also being used to address environmental issues in the context of our comprehensive risk analyses. Munich Re's commitment to the UN Principles for Responsible Investment reinforces the relevance of such issues to our relationships with our partners.		Partial
FS11	Percentage of assets subject to positive and negative environmental or social screening  As early as 2002, we decided that our investments in shares, corporate bonds and bank bonds should meet certain sustainability criteria.	CR portal  » Sustainable investments	Full
FS12	Voting polic(y/ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting  MEAG analyses whether corresponding shareholder resolutions are in line with long-term ESG considerations and MEAG's corporate objectives, its voting being determined on that basis.		Full
FS13	Access points in low-populated or economically disadvantaged areas by type  Microinsurance is playing an increasingly prominent role within Munich Re and globally because recent natural catastrophes have tended primarily to affect people whose financial means are extremely limited. Munich Re is working with MFIs, NGOs and other major players in this field.	CR portal  » Microinsurance in reinsurance  » Microinsurance in primary insurance  » Munich Re Foundation	Full
FS14	Initiatives to improve access to financial services for disadvantaged people	CR portal  » Microinsurance in	Full
	ERGO offers a number of insurance products specifically geared to the needs of disadvantaged	<u>reinsurance</u>	

	people, including microinsurance products available in emerging and developing countries like India and Indonesia. Munich Re has launched a microinsurance project for the inhabitants of Indonesian capital Jakarta under a public-private partnership with Indonesian insurer Asuransi Wahana Tata and the German Agency for Technical Cooperation (GTZ).	<ul><li>» Microinsurance in primary insurance</li><li>» Munich Re Foundation</li></ul>	
FS15	Policies for the fair design and sale of financial products and services  In accordance with our codes of conduct, we are fair and open in our business relations. Munich Re endeavours to give clients the best possible advice and the information they need to take sound decisions.		Full
FS16	Initiatives to enhance financial literacy by type of beneficiary  Financial literacy and competence are key to Munich Re and our business. Our aim is to minimise the risk that clients will not understand our products and services or will be insufficiently informed about them, and so we organise initiatives and take part in activities designed to increase literacy and competence in this area.		Full

<sup>\*</sup>GC: Global Compact



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# SRI INDICES

# Munich Re achieves good ratings in SRI indices

Maintaining an open dialogue with our stakeholders is part of our corporate culture, and we are always happy to answer questions on corporate responsibility put to us by SRI rating agencies, traditional financial institutions and other external bodies. By participating in these ratings, we make our commitment transparent. Munich Re's positive ratings and inclusion in sustainability indices and funds show that we are pursuing a successful corporate responsibility strategy.

The following review highlights selected sustainability indices and rating agencies that give Munich Re's commitment a positive rating and recommend Munich Re shares as a sustainable investment.

Since the FTSE4Good was started by the FTSE Group in 2001, Munich Re has always been included in the list. The FTSE4Good is a series of corporate responsibility benchmarks that selects companies for listing out of a total of 23 markets and 2,000 potential constituents.

#### Dow Jones Sustainability Indexes

FTSE4Good

#### Munich Re DJSI-listed since 2001

In the FTSE4Good from the outset

Munich Re has been continuously listed in the Dow Jones Sustainability Indices since 2001. They include the biggest, DJSI World, which comprises 250 stocks from a universe of 2,500 listed companies in the Dow Jones Global Index.

## Bloomberg

#### Munich Re among best-in-branch

Bloomberg analyses and evaluates corporate transparency in environmental, social and governance (ESG) matters. Munich Re came second in the insurance section in 2010. Bloomberg advises that clients using its 250,000 data terminals have access to all publicly available ESG data from 2,000–3,000 companies.



#### Munich Re listed in ethical indices

Munich Re has been listed in Italian asset manager ECPI's Ethical Index Euro, Ethical Index Euro and Ethical Index GLOBAL for many years.



## Munich Re shares in KLD Global Climate 100 Index

Munich Re has featured in the FTSE KLD Global Climate 100 Index since 2005. KLD ranks Munich Re among the top 100 companies globally in terms of commitment to climate protection.



#### Munich Re: A recommended investment

Independent French financial institute Oddo Securities rates Munich Re a suitable SRI investment. Munich Re is also listed in the SRI European index investment universe. Munich Re was ranked an "opportunity" in an Oddo corporate governance survey.



#### Prime rating

Munich Re maintains its insurance sector best-in-class performance, having been awarded the "prime" corporate responsibility accolade again in 2010 by oekom research, a leading SRI rating agency.



## Munich Re in the Global Challenges Index from the outset

Based on the analysis by the oekom research rating agency, this index lists the shares of 50 major international players and SMEs that help substantially and directionally to overcome major global challenges.



## Munich Re qualifies as a sustainable investment product

Munich Re's performance in Sarasin Bank's 2010 ratings was again significantly above the average, qualifying it to be rated a sustainable investment product by the bank.



#### Highly placed in insurance ratings

Coming fourth out of 108 insurance industry companies, Munich Re exceeded the Sustainalytics 2010 industry average by some margin.

#### Related Topics

- » Sustainable investments
- » Sustainability and Munich Re shares

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Munich Re is listed in the ASPI (Advanced Sustainability Performance Index), which is made up of 120 companies with a good sustainability record. The index was launched by French agency Vigeo in conjunction with Stoxx Ltd.



Munich Re's ESI listing (based on Vigeo analysis)
Munich Re is listed in the ESI (Ethibel Sustainability
Index), which is based on Vigeo's ratings. Ethibel is an
independent SRI rating agency.

#### Above-average rating

In Goldman Sachs "Global Insurance ESG Report 2009/10", Munich Re's ESG score (68 out of a maximum 95) was well above the 54.8 overall average. Goldman Sachs offers global investment solutions.

#### Top ISS rating

Munich Re is rated AAA in ISS's ESG rating. ISS (formerly the RiskMetrics Group) is part of MSCI, a leading global provider of equity indices.





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#### **MEMBERSHIPS AND PARTNERSHIPS**

## Partnerships, initiatives and foundations

For Munich Re, corporate responsibility means actively taking part in cooperation partnerships and systematically promoting initiatives. Besides this, the foundations set up by Munich Re constitute a central component of our social commitment.

#### Partnerships and memberships

The cooperation partnerships and memberships in which Munich Re engages and shares its knowledge are numerous. The following list provides just a few examples.

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## charta der vielfalt

Charter of Diversity (ERGO Insurance Group only)



London School of Economics (LSE)



Munich Climate Insurance Initiative (MCII)



Principles for Sustainable Investment (PRI)

## THE CLIMATE GROUP

The Climate Group



Environmental Pact of Bavaria



UNEP Finance Initiative Innovative financing for sustainability

**UNEP Finance Initiative** 



WE SUPPORT

**UN Global Compact** 

#### Initiatives and sponsorships

In our case, corporate responsibility includes assuming responsibility for the community in which we live and work. The following initiatives and sponsorships are a selection of our commitment in this area.



3-2-1 Ignition



D.A.S.ler e.V.



German Mathematical Society



Deutsches Hygiene-Museum Dresden (German





Focus schools competition "Schule macht Zukunft" ("School shapes the future")



Gustav Mahler Jugendorchester (Gustav Mahler Youth Orchestra)



Helfende Hand e.V. ("Helping hand" schools project)



Interkultureller Rat in Deutschland



Interkultureller Rat in Deutschland e.V. (Intercultural Council in Germany)



Madeleine Schickedanz-Kinder-Krebs-Stiftung (Madeleine Schickedanz Children's Cancer Foundation)



Munich University Society



Nicolaidis Stiftung (Nicolaidis Foundation)



SingPause (schools singing project)



Stifterverband für die Deutsche Wissenschaft

Association for the Promotion of Science and Humanities in Germany



Stiftung Pfennigparade ("Penny Parade" Foundation)



victorianer helfen e.V. ("Victorians help" Association)

#### Foundations

Through the foundations we set up a number of years ago, we exercise social responsibility and deploy our extensive knowledge for the benefit of others.



Dr. Hans-Jürgen Schinzler Foundation

**ERGO** Stiftung Jugend & Zukunft ERGO Youth & Future Foundation



Munich Re Foundation





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ABOUT MUNICH RE

#### OVERVIEW

REINSURANCE

PRIMARY INSURANCE

MUNICH HEALTH

## Turning risk into value

» Reinsurance, » primary insurance and Munich Health – these are the three pillars that form the basis of our integrated business model. We take on risks worldwide of every type and complexity. Our experience, financial strength, efficiency and first-class service make us the first choice for all matters relating to risk. Our client relationships are built on trust and cooperation.

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. In the financial year 2009, the Group achieved a profit of €2.56bn on premium income of around €41bn. It operates in all lines of insurance and has around 47,000 employees throughout the world.

#### Reinsurance

With premium income of around €25bn from reinsurance alone, Munich Re is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after business partner. Our approximately 13,300 staff in reinsurance possess unique global and local knowledge. Munich Re attaches great importance to its client service, which regularly receives top ratings.

#### **Primary insurance**

Our primary insurance operations are concentrated mainly in the ERGO Insurance Group. With premium income of over €19bn, ERGO is one of the largest insurance groups in Europe and Germany. Some 40 million clients in over 30 countries place their trust in the services and security it provides.

#### Munich Health

Under the Munich Health brand, Munich Re combines its global healthcare knowledge in primary insurance and reinsurance. Over 5,000 experts at 26 locations use this wealth of knowledge to offer our international clients innovative solutions and individual consultancy and services. Our unique business model means we can react quickly and effectively to changes in local markets, thus ensuring the long-term success of our clients.

#### **Asset management**

The Group's global investments amounting to €182bn are managed by MEAG MUNICH ERGO AssetManagement. MEAG specialises in asset management for the Group and is responsible for matching insurance liabilities with suitable investments. The quality of our asset management proved its worth during the recent financial crisis, which Munich Re weathered with relatively low losses and continued financial strength.

MEAG also makes its know-how available to institutional investors and private clients. Currently, MEAG manages funds for such clients totalling €9bn.

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# ABOUT MUNICH RE

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#### REINSURANCE

PRIMARY INSURANCE

MUNICH HEALTH

### Managing risks, devising solutions

Tackling the major challenges of the future is something we have been doing for nearly 130 years. As a reinsurer, we operate internationally and apply a range of disciplines to produce concepts that make tomorrow's world insurable. Our recipe for success is to anticipate risks and deliver needs-based solutions. That provides the impetus for profitable, long-term growth.

In the financial year 2009, Munich Re achieved a significant profit of €2.56bn. Our success is based on a solid capital base and in-depth risk knowledge – qualities from which our clients benefit. We invest heavily in order to maintain our lead in the knowledge stakes, and our approximately 13,300 staff in reinsurance possess unique global and local know-how. This strength has earned us top rankings in client surveys. With premium income of around €25bn, we are one of the world's leading reinsurers.

#### Tailor-made solutions for your success

Reinsurance "off the peg" is simply not enough in these days of new and changing markets with ever more complex risks that are becoming increasingly difficult to calculate. Individual solutions, consultancy and services that go beyond the sphere of traditional reinsurance are what is needed today. That is why we seek dialogue with our clients and take the time to listen to them as well. We can develop integrated concepts for them – traditional reinsurance, managing large complex risks, risk transfer to the capital markets and balance-sheet optimisation. We will always find a suitable solution. We also develop innovative coverages for alternative energies and conduct in-depth geoscientific research.

#### Change as opportunity

Our entrepreneurial passion for seeing change as opportunity and never standing still has made us an industry frontrunner. We consistently expand and enhance our risk competence through our global network and our exchange of knowledge with selected cooperation partners. This is how we produce solutions that are both forward-looking and sustainable. Solutions for tomorrow's world.

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## ERGO – One of Europe's leading insurance groups

With its wide range of products, ERGO is a one-stop shop for insurance cover of all kinds. Thanks to its many different distribution channels, the group is easily accessible to all clients and represented in over 30 countries in Europe and

ERGO is a reliable and fair business partner for all the insurance and pension needs of its numerous private and corporate clients. More than 50,000 people work for the group as employees or full-time self-employed agents.

ERGO offers a wide range of insurances and services. Under its own name, it operates primarily in life and property-casualty insurance. This extensive range of products is complemented by the health, legal expenses and travel insurance products » Downloads offered by its specialist insurers. ERGO has switched from being a pure reimburser of costs to a full service provider and is considered one of the pioneers in combining insurance solutions and services. It offers its extensive spectrum of products through a broad variety of distribution channels – direct sales, independent intermediaries, brokers, banks and other sales partners.

## **ERGO**

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## ABOUT MUNICH RE

**OVERVIEW** 

REINSURANCE

PRIMARY INSURANCE

MUNICH HEALTH

# Munich Health – "Pioneering Global Healthcare"

Under the single brand Munich Health, Munich Re has brought together its global healthcare know-how in insurance and reinsurance. More than 5,000 experts at 26 locations worldwide benefit as they devise innovative healthcare solutions for clients and partners all over the world. From its Munich headquarters, Munich Health services the needs of insurance companies in more than 40 countries, and primary insurance clients in over 100 countries.

Since 2009, Munich Health has been a separate business segment within Munich Re alongside primary insurance and reinsurance, pooling our global health expertise in primary insurance, reinsurance and risk management. This set-up specifically addresses identified opportunities with integrated, intelligent solutions for individual local needs. In this way, we achieve sustainable growth – to the benefit of all

With our unique, integrated focus on risk carrying and risk management in health, Munich Health delivers individual, sustainable solutions. The special combination of resources we offer enables our clients to achieve success and security in their respective markets.

As an expert in international health systems, we offer comprehensive consultancy services for product development, process optimisation and distribution strategy, with the aim of further developing reinsurance and primary insurance in the healthcare market

#### Munich Health's strengths at a glance

- Increased sales, profitability, customer satisfaction and customer retention based on innovation and enhancement of existing product and service design
- Improved risk management and risk transfer (loss ratio optimisation)
- Process reengineering and cost management (expense ratio optimisation)
- Provision of top-rated reinsurance



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# FAQ Frequently Asked Questions

Here you will find a list of frequently asked questions from stakeholders on the subject of corporate responsibility.

#### ▼ What does corporate responsibility mean for Munich Re?

Munich Re is convinced that long-term success is only possible if we take due account of economic, ecological and social requirements in our operations. This fundamental understanding is anchored in our mission statement and given concrete expression in our guiding principles for corporate responsibility. The focus of this work is on the following aspects:

- The development of new, needs-based products and solutions
- An investment policy based on sustainability criteria
- Open dialogue with our stakeholders
- Active responsibility towards employees, society and the environment
- » Corporate responsibility at Munich Re

#### ▼ How is corporate responsibility anchored in Munich Re's core business?

Insurance and corporate responsibility are very similar in nature. Both hold a promise for the future at their core. The concept of insurance is built on fulfilling obligations from insurance contracts on a sustainable basis. For us as a global risk carrier, a prospective, prudent and responsible approach is therefore self-evident.

Not surprisingly therefore, many of the insurance solutions and services we develop help to overcome global challenges such as global warming and demographic change.

In order to ensure that ecological and social aspects and corporate governance are given due consideration in our daily actions, we are also a member of the UNEP Finance Initiative Insurance Working Group.

- » Sustainable products
- » Corporate Responsibility at Munich Re

#### What is the focus of Munich Re's corporate responsibility?

Munich Re is convinced that long-term success is only possible if we take due account of economic, ecological and social requirements in our operations. This fundamental understanding is anchored in our guiding principles for corporate responsibility. In so doing, we focus on the following aspects:

Our aim is to create long-term corporate value. We achieve this by taking appropriate account of our stakeholders' interests, pursuing a sustainability-oriented investment policy and applying integrated risk management.

Considering the consequences of climate and environmental change in our product policy is an important part of our contribution to protecting our natural environment. We also use natural resources sparingly in our own business operations.

We fulfil our corporate responsibility through a socially sustainable HR policy and active participation in public debates about risk, based on our expertise. Our foundation projects to promote social welfare and disaster prevention and to help people in risk situations, particularly in newly industrialised and developing countries, underline our commitment.

#### » Guiding principles

#### How is corporate responsibility anchored in the Munich Re Group?

Given its strong link with Munich Re's business strategy, the field of corporate responsibility was assigned to a separate unit at our Munich headquarters in 2008. This unit is incorporated in Group Development, which is also responsible for developing Group strategy and reports directly to the Chairman of the Munich Re Board of Management. The unit performs tasks for the Group and for the Munich Health business segment. At ERGO, corporate responsibility is also an integral part of its corporate strategy and directly assigned to the Chairman of the Board of Management. A separate unit within the in-house corporate communications department coordinates implementation between the various departments.

- » Corporate responsibility at Munich Re
- What measures does Munich Re take to develop solutions for global challenges such as climate change, technological progress, globalised financial markets and demographic change?

Constantly changing, more complex parameters demand flexibility and tailored solutions. Global challenges such as climate change and demographic trends are changing the demand for insurance cover and its supply. This is why Munich Re attaches such importance to research and development in order to constantly analyse known risks for significant changes in their structure or occurrence probability and to identify new risks at an early stage.

Our innovative insurance solutions enable our clients to make sustainable investments. We have a firm commitment to devising innovative coverage concepts for new and complex risks and integrated solutions. That is why we closely monitor the constantly changing and increasingly complex parameters.

For example, in the field of reinsurance our Special Enterprise Risks (SER) unit investigates alterations in the transfer needs of our clients and uses the findings to develop new products. A good example is an innovative insurance solution for covering the risk of a possible performance deterioration in photovoltaic modules.

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This new product offers manufacturers and buyers of modules greater business certainty and flexibility.

In primary insurance and in Munich Health, the emphasis lies on analysing and forecasting demographic trends. Our actuaries work closely with the German Association of Actuaries to expand and update their knowledge about client life expectancy.

#### Challenges

## What do risk management and investment management have to do with corporate responsibility?

Integrated risk management and a sustainability-oriented investment policy are important components for creating long-term corporate value.

Responsibility towards our stakeholders also means thinking ahead when managing our risks. Group-wide monitoring and control of risk management is the responsibility of the Board, supported by Integrated Risk Management (IRM), which is headed by the Chief Risk Officer. IRM is responsible for identifying, evaluating and controlling the risks on the asset and liability sides.

Like all insurance companies, Munich Re is subject to strict security and return requirements. We have to ensure that our clients' money is invested both safely and profitably. Our asset manager MEAG currently has assets totalling some €198bn in its portfolio. Investments of this magnitude bring a substantial responsibility that we take very seriously. That is why our investments meet strict sustainability requirements.

Risk management Managing investments

## How do Social Responsible Investment (SRI) analysts rate Munich Re's social commitment?

Munich Re is always keen to answer questions from stakeholders: This is why we provide clear and transparent answers to questions from SRI rating agencies and from traditional financial institutions on corporate responsibility at Munich Re. Our positive results in the ratings and inclusion in relevant indices and funds clearly show that we pursue a successful corporate responsibility strategy and take an effective approach to our commitment in this field.

Underlining this, Munich Re has been an ever-present member of the Dow Jones Sustainability Index (DJSI) and the FTSE4Good since 2001. In addition, Munich Re is also listed in various other indices, such as the Advanced Sustainable Performance Index (ASPI), the Ethibel Sustainability Index (ESI) and the Ethical Indices. Our commitment to issues relating to climate change has been recognised by inclusion in the Global Challenges Index and the KLD Global Climate 100 Index.

Furthermore, Munich Re shares are recommended by Goldman Sachs, Bloomberg, I&S, oekom research and Sarasin as an investment in sustainability.

Management of investments SRI Indices

#### Does Munich Re take account of sustainability criteria in its own investments?

Given that we manage substantial investments worldwide, we carry substantial responsibility in the area of asset management. We take the responsibility that comes with this very seriously and are convinced that taking account of sustainability criteria in our investments will have a favourable effect on risk and return in the long term.

In April 2006, Munich Re became the first German company to sign the UN Principles for Responsible Investment (PRI), which we played a prominent role in helping to establish. Since then, we have consistently implemented these principles in the Group and are continually working to improve sustainability in our investment process.

At least 80% of the market value of our investments in shares and bonds are invested in assets that are included in a sustainability index, like the Dow Jones Sustainability Index, or that satisfy generally recognised sustainability criteria. In addition, we have tightened our sustainability criteria for corporate and bank bonds since 2007

In 2009, Munich Reinsurance Company and MEAG set up the RENT project (Renewable Energies and New Technologies). Its remit is to investigate the potential of strategic investments in renewable energies and new technologies, for example in the areas of increasing efficiency and storing energy.

In 2009, the private research institute Simcorp StrategyLab awarded MEAG the "Risk Management Excellence Award". The reason for the award was MEAG's ability to consistently put its risk policy into practice. The jury was particularly impressed with the fact that MEAG placed a strong strategic focus on risk management long before the financial crisis and already had appropriate systems, guidelines and processes in place when the crisis struck.

#### Managing investments

#### ▼ How does Munich Re report on its activities in the field of corporate responsibility?

Munich Re reports solely online about its corporate responsibility activities. The CR portal outlines the measures taken in the period from January to August 2010 and the successes we have achieved.

Our news channel on the CR portal homepage features reports on current results and developments in the field of corporate responsibility.

Please do not hesitate to contact our experts if you have any questions regarding corporate responsibility at Munich Re.

- » Contact
- » Corporate Responsibility news
- » About the CR portal

### ▼ What is the focus of Munich Re's social and ecological commitment?

As an internationally operating group, Munich Re accepts its responsibility towards the communities in which we live and work. The focal points of our social commitment are the active promotion of education and science and the support of socially disadvantaged youngsters and people in need. We are also a keen patron of the arts and culture. The foundations we have set up play an important part, as they contribute substantially to sustainable development throughout the world.

### » Social commitment

### ▼ What makes Munich Re an attractive employer?

Our staff provide the basis for our success with their competence, motivation and commitment. bereitschaft und ihrem Engagement. For this reason, we are committed to investing in their development and provide all staff with equal opportunities and first-class working conditions. We strive to recruit the best staff we can and inspire them in their work for Munich Re. Munich Re has enjoyed a consistently low staff turnover rate for many years – further proof that it is an attractive employer.

In our human resources work, it is the people we concentrate on. We are a successful and valued employer, not only adapting to the current demands of the labour market but also understanding how to meet the changing needs of our staff. Flexitime, special conditions for employees with children, the promotion of healthcare, and social counselling services are just some of the factors that make Munich Re a respected employer.

### » Responsibility towards staff



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# GLOSSARY

Α

### **Actuary**

Qualified expert who analyses problems from the area of insurance, home loans, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.

### **Asset management**

Management of an investment portfolio on the basis of risk and return considerations. It covers both the preparation and implementation of investment decisions regarding assets and the management of Special funds.

### **Asset-liability management**

Often abbreviated to ALM, asset-liability management is a risk model for managing both sides of the balance sheet (assets and liabilities). The aim of ALM is to manage all of the items in the balance sheet in such a way as to optimise the expected return without exceeding the desired level of risk. In an ongoing process, assets and liabilities are simultaneously analysed with regard to their returns and timing. From this, a strategy is developed to achieve the desired financial objectives within the given risk parameters.

Α	В	С	D	Ε	F	G
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# GLOSSARY

C

### Cedant

Client of a reinsurance company.

### **Climate neutrality**

Also commonly referred to as carbon neutrality, climate neutrality involves the reduction and compensation of greenhouse gas emissions.

### Code of conduct

A collection of behavioural guidelines voluntarily drawn up by a company. It generally contains rules for the company's whole supply chain and may cover a wide range of issues.

### Compliance

Compliance with rules for handling insider information. Generally speaking, insider information may not be used for own investment transactions, for those of the company or for recommendations to others. Therefore, as part of the compliance procedure, business transactions are checked to make sure they are not based on insider information.

### **Corporate Climate Centre (CCC)**

Unit at Munich Re concerned with the consequences of climate change. It was created in 2008 from the former Centre of Competence for Geo Risks Research, founded in 1974. One of the tasks of this cross-cutting network is to advise underwriters and clients on the development of future-oriented products. The CCC experts maintain close contact with researchers, associations and organisations worldwide and are involved in a number of research and development projects.

### Corporate governance

Corporate governance refers to the legal and factual framework for managing and monitoring companies. Corporate governance rules serve to provide transparency and thus strengthen confidence in responsible management and control geared to the creation of value.

### **Corporate volunteering**

Company activities promoting the voluntary social involvement of employees.

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MUNICH RE > CHALLENGES COMMITMENTS FACTS AND FIGURES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS » Home Α С D G **GLOSSARY** Ε R S Ο Q Т U **Emission credits** Economic instrument designed to reduce emissions of climate-changing greenhouse gases. Service Links EU GreenBuilding certificate

European Commission programme to improve energy efficiency and promote the use of renewable energies. Certificates are awarded to non-residential buildings for which relevant measures have been taken. In Germany, the programme is coordinated by the Deutsche Energieagentur (DENA).

### **EUMENA**

Acronym for Europe, Middle East and North Africa.

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MUNICH RE > CHALLENGES FACTS AND FIGURES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS COMMITMENTS » Home С D Ε G Α F **GLOSSARY** Ο Q R S Т U Fraud Deception, cheating or misappropriation. In a corporate context, it refers to deliberate acts on the part of one or more managers, employees or third parties to gain an Service Links unjustified or illegal advantage. » About Munich Re » Contact » GRI & Global Compact » FAQs » Downloads » Search



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G

### **German Corporate Governance Code**

Recommended code of conduct for listed companies. Intended to make German rules on corporate management and monitoring transparent to national and international investors and thus increase confidence in how German companies are managed.

### Gesamtverband der deutschen Versicherungswirtschaft e.V. (GDV)

German Insurance Association: Umbrella organisation of the German insurance industry which represents the industry's interests vis-à-vis representatives of politics, industry and the general public and addresses the various consumer groups with its public relations work. In addition, the GDV provides extensive consultancy services to its member companies.

### **Global Compact**

The United Nations Global Compact (GC) is a strategic policy initiative for businesses worldwide to implement ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

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### M

### Market Consistent Embedded Value (MCEV)

Market Consistent Embedded Value comprises a company's equity and the value of in-force covered business. The latter is the present value of future profits (where profits are post-taxation shareholder cash flows from the in-force covered business and the assets backing the associated liabilities) calculated using financial and actuarial methods, taking into consideration the time value of the financial options and guarantees and the explicitly determined cost of capital.

### **MENA**

Acronym for Middle East and North Africa.

### Microinsurance

Insurance providing poor population groups, especially in developing countries, with protection against basic risks such as illness, disability, consequences of natural disasters or unexpected crop failures.

### Microloans

Very small loans, ranging from €1 to under €1,000, to small businesses, mainly in developing countries.

### Mixed fund

Fund that invests in a variety of items, e.g. money market securities or segregated real property as well as shares and bonds.

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MUNICH RE > CHALLENGES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS COMMITMENTS FACTS AND FIGURES » Home D Ε G Α С **GLOSSARY** N Ο Q R S Т U Non-governmental organisation (NGO) Civil society organisation. The term was introduced by the United Nations to make a distinction in political processes between civil society representatives and government Service Links representatives. » About Munich Re » Contact » GRI & Global Compact » FAQs » Downloads » Search



MUNICH RE > CHALLENGES FACTS AND FIGURES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS COMMITMENTS » Home С D Ε G Α **GLOSSARY** 0 0 Q R S Т U Ombudsman A neutral mediator who can be called on to resolve disputes in various areas and find solutions without a great deal of bureaucracy. Service Links » About Munich Re » Contact » GRI & Global Compact » FAQs » Downloads » Search



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P

### **Pandemic**

The spread of a disease or – in the narrower sense – infectious disease across national borders and continents. Unlike an epidemic, which is a disease occurring in a limited area and time, a pandemic is not restricted to a certain geographical area.

### **Premium**

The amount that has to be paid for the insurance cover provided by an insurer. It may be paid as a regular or single premium. Premiums written means all premium income that has become payable in the financial year. The portion of this premium income that constitutes payment for insurance cover in the financial year is referred to as earned premiums. In the case of products that are largely of an investment nature (e.g. financing treaties and unit-linked life insurance), it only includes – under IASs/IFRSs – the amount serving to cover the risk and costs. However, under statutory accounting rules in the insurance company's home country, premium income may also include the policyholders' savings premiums from unit-linked life insurance and capitalisation products.

### **Primary insurer**

Insurance companies that assume risks in return for an insurance premium and have a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).

### Public-private partnership

Long-term arrangement between private companies and public bodies with the aim of providing public services in a more economical manner.

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COMMITMENTS MUNICH RE > CHALLENGES FACTS AND FIGURES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS » Home Α С D Ε G **GLOSSARY** R R 0 Q S Т U Rating agency Company that assesses and rates the creditworthiness of businesses and even whole

Company that assesses and rates the creditworthiness of businesses and even whole countries. The ratings are expressed in categories designated by a series of letters, ranging from AAA (top quality) to D (insolvent).

### Reinsurer

Insurance companies that assume the insurance risks of other insurance companies without themselves having any direct contractual relationship with the policyholder.

### Risk-return profile

Description of the relationship between the expected return on capital and the risk involved in the investment.

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CORPORATE RESPONSIBILITY COMMITMENTS MUNICH RE > CHALLENGES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS FACTS AND FIGURES » Home Α С D G S **GLOSSARY** R Ο S Т U Socially responsible investing (SRI) An investment strategy geared to maximising social as well as financial profit. Service Links Solvency II Project of the European Commission to fundamentally reform and harmonise » About Munich Re European insurance supervisory regulations. Solvency II follows the three-pillar » Contact approach: minimum capital requirements (quantitative), supervisory review processes » GRI & Global Compact (qualitative) and market discipline (disclosure). » FAQs » Downloads Stakeholder » Search Any person or group that can be affected by a company's operations and that,

A special form of scenario analysis. The aim is to make a quantitative statement on the

conversely, has an influence on the company in question.

loss potential of portfolios in the event of extreme market fluctuations.

Stress test



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Т

### Top-down approach

Method of analysis in which the object or circumstance being analysed is considered first from the overarching, general perspective and then, step by step, in an increasingly concrete and specific way.

### Total shareholder return

Performance indicator for an investment in shares. It combines share price appreciation and paid dividends to show the total return to the shareholder over a certain period.

### Triple bottom line

The three dimensions of sustainability, i.e. economics, ecology and social commitment. These have to be given equal consideration to achieve sustainable development.

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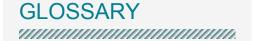


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### Valuation reserve

The difference between the book value of an asset, calculated according to the lower of cost or market principle, and its higher market values. Valuation reserves only result in realised gains if the assets are sold.

### Value-added calculation

Calculation for determining the advantageousness of a particular investment. It can render visible the relationship between return on investment, cost of capital and increase in value.

### Value-based management

The concept of value-based management is geared to increasing the value of a company on a long-term basis. Value is only created long term if a company regularly earns a profit that exceeds the costs of the equity capital invested.

### Volatility

Measure of the fluctuations in financial market parameters such as the prices of shares or investment fund units. It is an expression of the risk involved in an investment.

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