

# New Reinsurance Company Ltd.'s Statement on the UK Modern Slavery Act

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and constitutes New Reinsurance Company Ltd.'s (NewRe) slavery and human trafficking statement for the financial year ending 31 December 2022. As part of the Munich Re<sup>1</sup> Group, NewRe applies the same principles Munich Re has signed up to and has adopted the Munich Re Statement for NewRe as follows.

## The organisation's structure, its business and its supply chains

NewRe is a Swiss reinsurer based in Zurich. In 1988, NewRe became part of the Munich Re Group, one of the leading reinsurers. During its long history, NewRe has constantly moved with the changing market environment and client needs. Whereas in the past NewRe focused mainly on traditional property and casualty reinsurance, it has now become a leading underwriter of structured life and non-life reinsurance solutions. NewRe also offers weather derivatives and parametric trigger covers, and additionally specialises in variable annuity reinsurance and capital management solutions for life business.

NewRe procures many different goods and in particular services throughout the world. By purchasing at best total value in terms of quality, time and cost, while ensuring compliance at all times, the procurement activities seek to deliver a substantial and lasting contribution to the success of NewRe.

## NewRe's policies in relation to slavery and human trafficking

At NewRe, our business model is based on responsible, sustainable, and forward-looking endeavours over the long term. We regard the protection of human rights as a particular obligation, one that we strive to meet in line with internationally accepted human rights principles. This approach is embedded within our corporate governance, which considers economic, environmental, and social requirements as clearly defined elements of success. We are committed to Munich Re's [Declaration of Principles on Respecting and Protecting Human Rights](#). It also contains information about the human rights' due diligence process and risk management, details of the responsibilities within the Group, and the expectations to employees and suppliers. It can be viewed on the [Munich Re website](#).

We are committed to upholding human rights duty of care along the value chain and are equally committed to respecting internationally recognised human rights.

As part of the Munich Re Group and subsidiary of Munich Re who is a signatory to the UN Global Compact, we are committed to the following principles:

<sup>1</sup> Munich Re (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München)

- To support and respect the protection of international human rights within our sphere of influence;
- To take precautions to ensure that we are not complicit in human rights abuses such as human trafficking;
- To uphold the freedom of association and the effective recognition of the right to collective bargaining;
- To avoid any forms of forced and compulsory labour and child labour; and
- To aim to provide employment and workplaces that are free from discrimination.

In addition to our commitment to these standards and others specified by the Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment (PRI), we have implemented a due diligence process that covers our commitment to the following guidelines:

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights, consisting of the:
  - Universal Declaration of Human Rights
  - International Covenant on Civil and Political Rights
  - International Covenant on Economic, Social and Cultural Rights
- ILO Declaration on Fundamental Principles and Rights at Work

With our due diligence processes to prevent and mitigate human rights abuses, we strive to comply with the requirements of these standards and guidelines as well as the requirements of the German Supply Chain Due Diligence Act (LkSG).

## **NewRe's risk management processes in relation to slavery and human trafficking in its business and supply chains**

Our corporate due diligence requirements are set out in various Group guidelines, codes and work instructions which apply to NewRe as well. The Group processes include the following components:

- A risk management system with clearly defined processes and responsibilities:
  - Regularly conducting risk analyses
  - Embedding preventive and remedial measures
  - Monitoring and reviewing the effectiveness of measures
- Grievance mechanism (whistleblowing management system)
- Documentation and reporting

On Group level, in the event of increasing risks or concrete evidence of potential human rights violations, such risks or violations are either revealed in the course of the monitoring or supplied via the whistleblowing channels. The human rights office carefully reviews the facts and initiates the preventive or remedial measures needed in order to avoid, end or mitigate the violation in question. In line with governance processes, depending on the extent of the breach, corporate committees responsible for assessing ESG risks are involved in the decision. These are the Reputational Risk Committee and the ESG Management team as a working committee of the ESG Committee.

## Assessment of human rights risks

Our management strives to prevent potential adverse impact on human rights arising from our business operations. To identify such impact, the following four dimensions have been defined: employees, procurement, business and investment.

As regards our business and investment, we take environmental, social and governance (ESG) criteria (including the observance of human rights) into account as part of risk assessment and decision-making processes, which is regulated by specific guidelines.

In addition to the ESG guidelines, we use a risk mapping tool for human rights. The tool considers the following topics when mapping risks by country: child labour and forced labour, human trafficking, discrimination based on gender, sexuality, race or religion, working conditions (wages, working hours, occupational health and safety, collective bargaining and freedom of association), threats to communities, restrictions on people's liberty or freedom, and international and domestic conflicts. On the subject of sector risks, the tool focuses on working conditions, child labour and forced labour, occupational health risks, and the sources of commodities.

At Group level, Munich Re has implemented a structured risk analysis process in terms of investment, procurement and human resources, and in terms of underwriting the already existing risk analysis processes are currently being strengthened, in order to be able to identify risks of human rights violations even better in the future. In addition, risk analyses are carried out on an ad hoc basis in response to significant changes in the risk situation, such as expansions into new business areas or product offerings, or if becoming aware of related breaches of duty on the part of indirect suppliers. Munich Re's risk analysis is based among others on a country-and-sector list that Munich Re compiles and regularly updates at Group level, drawing on a range of databases to do so. This is also used to screen new and existing business relationships where relevant and, if necessary, initiate preventive or remedial measures. NewRe is currently evaluating the implementation of these new Group processes for 2023.

## Measures to manage human rights risks

Munich Re maintains a list of companies with which, due to confirmed and substantial human rights violations, the Group chooses not to do business. The list is currently being rolled within the Group and is reviewed and updated at regular intervals. Likewise, NewRe will comply with this list.

Four risk dimensions for possible human rights violations have been defined: employees, procurement, business and investment management. We have implemented tools to guide our decision-making in line with conscientious management practices for each of above-mentioned dimension.

### Employees

As an employer, we are committed to complying with international human rights standards and offering adequate working conditions to our staff. This entails aspects such as transparent remuneration conditions, an extensive company health management framework with a wide range of healthcare options, comprehensive employee assistance programmes, as well as flexible working conditions and working-time models.

Our Code of Conduct, as a set of binding rules for all our staff members, explicitly states that we do not tolerate any kind of discrimination in respect of employment and occupation and upholds the freedom of association and the effective recognition of the right to collective bargaining.

## **Procurement**

Our goal in procurement, when making decisions and taking action, is to comply with our principles, and thus assume corporate responsibility along the entire supply chain. Avoiding ESG risks is pivotal to our procurement of goods and services. We had previously required our suppliers to accept the principles of the UN Global Compact. Munich Re has now made the expectations in terms of respecting human rights even clearer by adopting a Group-wide Code of Conduct for suppliers which NewRe has also implemented. The risk analysis process that are currently being introduced will allow us to identify potential human rights breaches even better in future, and to mitigate or avoid them accordingly.

## **Reinsurance**

We have defined in underwriting guidelines how underwriters and client advisors should deal with ESG risks in insurance transactions.

In our business, seven sensitive topics or sectors have been identified where social aspects, including human rights, should be considered in the risk assessment. Binding guidelines or best practice recommendations relevant to human rights have also been developed. For example, the exclusion of anti-personnel mines and cluster munitions (controversial weapons) is mandatory.

If the review of a potential transaction by our departments concludes that a transaction entails significant reputational risks, such cases need to be submitted to the Reputational Risk Committee (RRC) of Munich Re. A strengthened risk analysis process is currently being developed at Group-level, in addition to the existing specifications for taking ESG aspects into account, to support underwriters to identify risks of human rights violations.

## **Investment**

In our investments, government bonds and notes from quasi-governmental institutions rated CCC under the MSCI ESG system are excluded due to high risks related to socio-economic or political factors. These MSCI government ratings also take human rights into account. Our Group-wide Responsible Investment Guideline (RIG) was updated in the year 2022 with a strengthened focus on respecting human rights.

As responsible investors, we also support the international conventions related to controversial weapons and exclude any direct investment in equities or bonds from companies active in those sectors.

## **Grievance mechanism**

The compliance whistleblowing portal of NewRe allows employees to report potential or alleged human rights violations. In the course of 2023, NewRe's whistleblowing portal will also be publicly accessible to external parties such as clients, suppliers and other business partners via the NewRe website. Additionally, employees can access the portal by using the internal web. Employees can also report incidents to their direct managers or the Legal & Compliance department. Accordingly, relevant information can be shared securely, confidentially and, on request, anonymously. Evidence of potential human rights violations that reaches us via other channels is handled using the same principles and processes.

The Legal & Compliance department investigates a matter if we become aware of a possible human rights violation. The investigations to be initiated and the procedures are defined and set out in an internal set of rules. Every possible case of misconduct is investigated and clarified. If we learn of human rights violations in an existing contractual relationship, we immediately enter into dialogue with the relevant stakeholders.

## **Raising Awareness: Training and capacity building on slavery and human trafficking**

In order to raise staff awareness and familiarise them with the key compliance rules and help them understand the importance of following these rules at work at all times, employees re-certify their knowledge of the Code of Conduct regularly. This training course includes information on topics such as full equality, reporting of infringements, data protection and corruption.

The “ESG Basics”, a new Group-wide ESG awareness-raising measure, is aimed at all employees of Munich Re Group, including NewRe. It includes the ESG criteria relevant to our business success, such as climate and environmental aspects, social criteria such as working conditions and human rights, and compliance and governance requirements.

We coordinate the implementation of the Principles for Sustainable Insurance (PSI) and the integration of ESG aspects in our business with Munich Re’s corporate responsibility experts. With this in mind, we provide relevant training for managers, underwriters and client managers in the different departments.

## **Progress in the financial year 2022**

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

- In May 2022, the ESG Committee resolved to further refine the Group’s human-rights-related risk management. To fulfil due diligence obligations, Munich Re is currently setting up Group-wide processes to even better identify, analyse and assess potential risks to human rights, and to implement suitable measures to avoid and mitigate such risks, in particular:
  - An updated Policy Statement was adopted by Munich Re’s Executive Board.
  - The Group-wide Responsible Investment Guideline (RIG) was updated in the year 2022 with a strengthened focus on respecting human rights.
  - In late 2022, the function of a dedicated human rights officer was introduced in Munich Re Group, to monitor risk management to fulfil our due diligence obligations with regard to human rights and environmental aspects under the LkSG.
  - In 2022, Munich Re strengthened the Group-wide due diligence processes in procurement and human resources in accordance with the LkSG. These processes include, in addition to risk analysis, preventative measures, remedial measures in case of a human rights violation, and an appropriate monitoring system.
  - A Group Guideline, regulating the implementation of the LkSG, the necessary processes, measures and responsibilities, was rolled out at the end of 2022. Munich Re created a set of regulations for suppliers and employees, which express the Group-wide expectations with regard to respecting human rights and upholding environmental standards even more clearly. By implementing these measures, Munich Re Group fulfils the requirements of the LkSG.
  - In addition, Munich Re will also adapt the Group-wide due diligence process in the insurance and reinsurance business in the course of 2023. The process has already been

developed and piloted and is specifically tailored around strengthened identification of human rights risks.

- At NewRe, we are currently evaluating these new requirements in line with the Group guidelines / processes and the LkSG and will locally implement the necessary measures and processes during the course of 2023.

Our goal is to continuously improve our compliance-related processes and expand our risk assessment. Our risk management processes and risk analysis are reviewed periodically.

Zurich, 23 June 2023

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