

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 2019.

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 Re¹ 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 became a leading underwriter of structured life and non-life reinsurance solutions in recent years. NewRe now also offers weather derivatives and parametric trigger covers, and successfully specialised 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

NewRe is convinced that its business model can only be successfully realised in the future through long-term and responsible action.

Being part of the Munich Re Group, we are committed to respecting human rights as defined in the UN Guiding Principles on Business and Human Rights, in the International Bill of Human Rights², and in the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organisation (ILO). In addition, Munich Re emphasised and embraced its responsibility to uphold human rights by committing to the ten principles of the United Nations Global Compact in 2007. These same principles are incorporated in NewRe's Code of Conduct.

As a signatory to the UN Global Compact, Munich Re and its fully-owned subsidiary NewRe are committed to:

- Promoting and observing the protection of internationally recognised human rights
- Making sure that the Group is not complicit in human rights abuses
- Upholding the freedom of association and the effective recognition of the right to collective bargaining
- Advocating the elimination of all types of forced labour
- Championing the abolition of child labour

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

² Including the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; and the International Covenant on Economic, Social and Cultural Rights.

- Helping put an end to discrimination in hiring and employment

The Munich Re Board of Management has formulated its own position on human rights, which you can find on the [Munich Re Homepage](#).

NewRe's due diligence processes in relation to slavery and human trafficking in its business and supply chains

In order to bring our commitment to respecting human rights to life, we have developed a due diligence process that covers the key components of human rights due diligence:

- Policy Commitment of the Board of Management to respect human rights
- Identifying and assessing human rights risks and impacts
- Implementing measures and monitoring
- Reporting and communicating
- Remedy and grievance mechanism

Assessment of human rights risks

In a systematic evaluation of potential risks, Munich Re defined the following four dimensions as critical to upholding human rights: employees, procurement, its core business of primary insurance and reinsurance, and investment management. For each of these dimensions, Munich Re and NewRe identify, assess and, if necessary, mitigate potential risks with regard to the infringement of human rights.

Munich Re and NewRe place particular emphasis on core business and investments. We are conscious of the fact that there is a range of industries and projects that may have a major impact on the environment, local communities and other stakeholder groups. The systematic anchoring of environmental, social and governance (ESG) aspects in core business enables us to identify these risks and, in cooperation with our clients, to minimise them as far as possible. With this in mind, we have specific analysis tools in place. Munich Re established twelve generally applicable ESG aspects which explicitly include human rights and labour rights. These aspects help to identify industrial sectors with high ESG risk exposure, thus allowing sensitive business topics to be recognized. Questionnaires specially tailored to these topics were integrated into an ESG tool, which helps our underwriters systematically take ESG aspects into account when performing risk assessments.

In addition, Munich Re has created a risk mapping tool specifically for human rights. This tool is designed to aid our employees in categorising and evaluating countries and economic sectors as per various indices and human rights topics. Munich Re considers the following topics when mapping risks by country: child labour and forced labour; discrimination on the basis of gender, sexuality or religion; corruption; threats to communities; restrictions on people's liberty or freedom; international and domestic conflicts. When we analyse sector risks, we focus on working conditions, child labour and forced labour, occupational health risks, and the sources of commodities.

Measures to manage human rights risks

a) Measures for each risk dimension

For each of the four risk dimensions that Munich Re has defined – employees, procurement, our core business and investment management – we have implemented measures, norms (incl. Underwriting guidelines), and governance instruments. This enables us to reduce or mitigate risks with regard to violations of human rights; these approaches also guide our decision-making in line with conscientious management practices.

As an employer, NewRe undertakes to observe international human rights standards and provide optimum working conditions for its staff with special focus on occupational health and safety, promoting diversity, and equal opportunities. Munich Re's Group-wide Diversity Policy sets down the most important principles in this action field and forms the basis for overarching and comprehensive diversity management. The focus areas of gender, age and internationality are key for our activities. Equal treatment is an inherent part of our corporate culture. Our Code of Conduct and additional self-commitments for responsible behaviour specify that we expect our employees to observe the personal dignity, privacy and personality rights of every individual. We do not tolerate any discrimination (on grounds of age, sex, ethnic origin, nationality, political opinion, race, religion or the like), sexual harassment, other personal harassment, or insulting behaviour.

With regard to all our **procurement** decisions and activities, we always observe the principles of compliance and we embrace corporate responsibility throughout the value chain. Environmental, social and governance (ESG) criteria play a pivotal role in our procurement of goods and services. We ensure compliance with ESG criteria and acceptance of the ten principles of the UN Global Compact in our day-to-day interaction with suppliers. To ensure compliance with the UN Global Compact within the supplier relationship, NewRe implements a Corporate Responsibility (CR) clause into its standard contracts. If we believe the principles of the UN Global Compact have been breached, NewRe reserves the right to cancel the contractual relationship by way of extraordinary termination for good cause. If a new supplier wishes to do business with NewRe, it must first complete a supplier registration process. Using a self-disclosure questionnaire, it is requested to provide key information on the subject of sustainability. This voluntary information also addresses aspects relevant for exclusion criteria (refusal to sign the CR clause can be an exclusion criteria). Within the supplier registration process, it is mandatory for the supplier to confirm compliance with the UN Global Compact.

Munich Re has signed up to the Principles for Sustainable Insurance (PSI) and as such is committed to making allowance for ESG aspects that are relevant for its **(re-)insurance business**. A set of underwriting guidelines defines how all underwriters and client managers are to handle ESG risks in insurance transactions. These binding guidelines as well as best practice recommendations were drawn up for sensitive topics and industry sectors; they are applicable for reinsurance, primary insurance and investment. These documents place particular emphasis on child labour and forced labour in mining, farming, and along their respective value chains, as well as the forced resettlement of indigenous communities. Human rights risks that threaten our reputation are presented as part of due diligence to Munich Re's Reputational Risk Committee, which then takes a decision, possibly rejecting the risky course of action.

Because our business model as an insurer has a long-term focus, sustainability criteria play a key, strategic role in **investment**. We are obligated to invest our clients' money sensibly and profitably in a manner that adheres to strict security and return requirements. Which is why Munich Re and NewRe have committed to observing the Principles for Responsible Investment (PRI) and consider it essential to integrate ESG aspects in our investment processes. For the majority of NewRe's investments, our target is to be sustainable in accordance with Munich Re's Group-wide Responsible Investment Guideline (RIG) and Munich Re tracks our progress in this regard in an internal sustainability index. Over 80% of Munich Re's investments were invested sustainably in 2019. We systematically incorporate individually defined ESG criteria into the selection process for every class of asset. For investments in equities and bonds we use sustainability indices, ratings and specific ESG research by MSCI which also includes human rights issues. In the asset classes of infrastructure, renewable energies, forestry and farmland, ESG aspects including human rights issues are reviewed in the due diligence process for investments. We regularly review our sustainability criteria for all assets.

b) General measures

Suitable **monitoring systems** help us examine the effectiveness of our measures. We strive to continually improve our processes of due diligence and expand our screening of risks; we also regularly raise awareness of human rights among our staff and business partners.

If a violation of human rights is reported, or we learn of it by any other means, NewRe's Legal & Compliance department will look into the violation. An **investigation** is launched, which follows a procedure defined in an internal set of guidelines. Every potential instance of misconduct will be investigated and responded to. If we learn of human rights violations in an existing contractual relationship, we will engage in dialogue with the responsible stakeholders and seek to put risk-mitigating measures into practice.

Employees have the opportunity to report incidents directly to their line managers, the Head of Legal & Compliance, the Board of Management or the Chairman of the Audit & Risk Committee. To additionally strengthen the compliance system, Munich Re has appointed an independent external ombudsman. Furthermore, Munich Re offers its staff members, clients, suppliers and other business partners a **whistleblowing portal** – publicly accessible on the Munich Re Website – to report potential or actual compliance breaches. Here, relevant information can be exchanged safely and confidentially – globally and around the clock. The compliance unit receives this information and is responsible for processing it further. Everyone can provide information anonymously or under their own name. NewRe has its own whistleblowing portal for its employees where concerns may be reported anonymously either to the Head of Legal & Compliance or the Chairman of the Audit & Risk Committee via the "Report Concerns" portal accessible via NewRe's intranet.

Training and capacity building on slavery and human trafficking

To raise awareness of human rights, all NewRe staff are required to attend training on the Code of Conduct every two years so that they are familiar with the standards of ethical conduct in our daily work and are aware of the need to observe these rules in their daily work. This training

includes, for example, the Federal Act on Gender Equality, reporting of infringements, data protection and corruption.

In the reinsurance sector, Munich Re's corporate responsibility experts coordinate the implementation of the Principles for Sustainable Insurance (PSI) and the integration of ESG aspects in our core business. With this in mind, these experts on corporate responsibility provide relevant training for managers, underwriters and client managers in the different divisional units. In addition, a "Corporate Responsibility in Business"-coordinators' network was established in the reinsurance sector and the coordinators were made aware of the topic. More than 800 Munich Re staff members have been sensitised to ESG aspects and, in their role as multipliers, are now transferring their knowledge within their own departments, in risk assessments, client discussions and in exchanges with other units.

Our Corporate Responsibility colleagues responsible for human rights issues within the Group regularly attend external seminars and webinars in order to deepen their knowledge. Munich Re is also an active member of the Peer Learning Group of the German Global Compact Network.

Progress in the financial year 2019

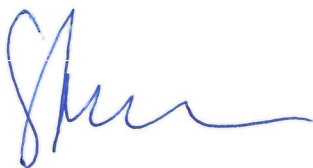
We will continue to work on the implementation of human and labour rights aspects and to consider our obligations under the UK Modern Slavery Act 2015.

In 2019 Munich Re has improved its set of analysis tools for the assessment of human rights risk. Munich Re's new human rights risk mapping tool allows us to categorize all countries and sectors according to various human rights aspects, especially in the areas of child labour and modern slavery. This tool enables all our employees to carry out an initial risk analysis quickly and easily.

Also in 2019 we have offered a wide range of training courses on compliance topics and ESG integration for all staff, raising awareness of human rights issues and possible human rights violations.

Additionally, Munich Re worked on the introduction of a digital centralized Group-wide purchasing system that will make it easier for us to monitor our suppliers' compliance with the UN Global Compact principles.

Zurich, 18 June 2020



Dr. Renate Strasser
CEO
New Reinsurance Company Ltd.