

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 2020. As part of the Munich Re¹ 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 become a leading underwriter of structured life and non-life reinsurance solutions in recent years. 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

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

We are committed to upholding 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 Organization (ILO). Furthermore, we emphasise and embrace our responsibility to uphold human rights by committing to the ten principles of the United Nations Global Compact in 2007. These same principles are incorporated into NewRe's Code of Conduct.

As part of the Munich Re Group who is a signatory to the UN Global Compact we are committed to:

- Promoting and observing the protection of internationally recognised human rights
- Making sure not to be complicit in human rights abuses
- Upholding the freedom of association and the effective recognition of the right to collective bargaining

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.

- Advocating the elimination of all types of forced labour
- Championing the abolition of child labour
- Helping put an end to discrimination in hiring and employment

Our position on human rights can be found on our website.

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, we define the following four dimensions as critical to advocating human rights: employees, procurement, our business and investment management. For each of these dimensions, we identify, assess and, if necessary, mitigate potential risks with regard to the infringement of human rights.

At NewRe, we place particular emphasis on our core business and investments. We are conscious of the fact that there are 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. We apply 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 recognised. Questionnaires specially tailored to these topics were integrated into an ESG tool which helps our underwriters to systematically take ESG aspects into account when performing risk assessments.

In addition, we use 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. We consider 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 we have 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 observes international human rights standards and provides 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 which applies to NewRe as well lays 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 foster 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 includes a Corporate Responsibility (CR) clause in 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, aforementioned must first complete a supplier registration process. Using a self-disclosure questionnaire, the supplier is requested to provide key information on the subject of sustainability. This information also addresses aspects relevant for exclusion criteria (refusal to sign the CR clause can be an exclusion criterion). Within the supplier registration process, it is mandatory for the supplier to confirm compliance with the UN Global Compact.

As part of the Munich Re Group who signed up to the Principles for Sustainable Insurance (PSI) we are committed to implementing ESG aspects that are relevant for our **reinsurance business**. The Munich Re human-rights risk mapping tool makes it possible for us to categorise 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. A set of underwriting guidelines defines how all underwriters and client managers are to handle ESG risks in reinsurance transactions. These binding guidelines as well as best-practice recommendations were drawn up for sensitive topics and industry sectors; they are applicable for reinsurance 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 our due diligence to Munich Re's Reputational

Risk Committee, which then takes a groupwide decision, possibly rejecting the risky course of action.

Because our business model as a reinsurer 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. This is why we have committed to observing the Principles for Responsible Investment (PRI) and consider it essential to integrate ESG aspects in the 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 our relevant investments were invested sustainably in 2020. We systematically incorporate individually defined ESG criteria into the selection process for the different asset classes. 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

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. For the monitoring in reinsurance business and investment, we use renowned external ESG databases to subject sensitive projects to a comprehensive review (also particularly with regard to human rights criteria). The review of the Corporate Responsibility clause in our procurement contracts and the contractually guaranteed possibility of termination in the event of violations is carried out by NewRe's Legal & Compliance department.

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. NewRe has also a **whistleblowing portal** for its employees where concerns may be reported anonymously either to the Head of Legal & Compliance or to 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

We regularly raise awareness of human rights among our staff and business partners. All NewRe staff are required to attend trainings 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 day to day. This training includes, for example, reporting of infringements, data protection and corruption.

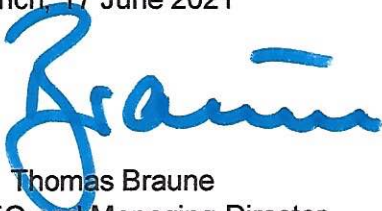
We coordinate the implementation of the Principles for Sustainable Insurance (PSI) and the integration of ESG aspects in our core business with Munich Re's corporate responsibility experts. With this in mind, we provide relevant training for managers, underwriters and client managers in the different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

Progress in the financial year 2020

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 2020, our employees conducted training courses on compliance topics and were offered Munich Re training courses on ESG integration in business, raising awareness of human rights issues and possible human rights violations.
- Additionally, the core-model built by Munich Re for digital supplier management in 2020 will be rolled out globally over the next few years, and will enable improved accessibility, acceptance and documentation of the UN Global Compact Principles among our global supply base.
- Naturally, the human right to health was a particular concern for NewRe in 2020. In the wake of the COVID-19 pandemic, NewRe developed a comprehensive hygiene concept at an early stage to protect staff against infection with SARS-CoV-2 through a variety of work-safety measures. The plan included strict rules for behaviour in office buildings (including meeting rooms, restrooms, cafeterias and canteens), mandatory wearing of mouth and nose protection, guidance for unavoidable business travel including quarantine rules, and many more measures. This hygiene concept was continuously adapted to the current pandemic situation. Several mouth-and-nose masks were distributed to each employee. From the beginning of the government-imposed lockdown measures, NewRe made it possible for the vast majority of the workforce to work from home. Only a small number of employees worked in the office during the lockdown periods. Increased flexibility in working hours has enabled parents to balance childcare, home schooling and work while observing all social distancing rules.

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