

PRINCIPLES OF SUSTAINABLE INSURANCE (PSI) ANNUAL PUBLIC DISCLOSURE – SEPTEMBER 2013

ABOUT US

Continental Reinsurance is a pan-African composite reinsurer offering both Treaty and Facultative capacity and services across the full spectrum of Non-Life and Life business lines. Our clients enjoy unparalleled reinsurance underwriting, claims, advisory and training services.

With a history spanning more than 25 years, we have five client service centres in Nigeria, Cameroon, Cote d'Ivoire, Kenya and Tunisia (upcoming in 2013). From our Nigerian headquarters, we have grown a diversified portfolio across 43 countries, adding value wherever we go, and developing enduring partnerships echoed on our tag line 'Sustainable Trust'.

In October 2012, we were the first African reinsurance company (outside South Africa) to become a signatory to the UNEP FI Principals for Sustainable Insurance, demonstrating our adoption of sustainable insurance aims, accountability, and transparency to the public in managing environmental, social and governance issues throughout our business. As a reinsurer, we are in the business to protect people over the long term. We create lasting value by adhering to these principles, therefore enhancing our risk management. The Principles complement Continental Reinsurance's values perfectly.

OUR PROGRESS

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.	
Actions	Progress
Company strategy	<ul style="list-style-type: none"> - The Board and Management of the Company is fully committed to embracing fundamental aspirations of the Principles for Sustainable Insurance and turning them into concrete actions. These include integrating ESG issues into the Company's management and operational DNA, to working together with clients, suppliers and governments to raise awareness of ESG issues, alongside developing new kinds of risk management products and services. - The Company has a Risk Management Department with a growing team and headed by a qualified Property and Casualty Actuary who reports directly to the Board on issues pertaining to the risk policy, risk framework and developments pertaining to the Company's overall ERM.
Risk management and underwriting	<ul style="list-style-type: none"> - Continental Re is cognizant of the fact that the management of risk in a holistic manner is a critical element of business success and sustainability. A strong Enterprise risk Management (ERM) culture has been adopted and is currently being embedded group-wide. The aim is to ensure that continental Re's business strategy and values are accurately aligned with its risk appetite in order to achieve a resilient business, brand as well as protect its stakeholders, including shareholders, clients, employees, regulators and the broader public. The risk appetite statement approved by the Board of

	<p>Directors addresses all relevant ESG issues to ensure a sustainable insurance governance model.</p> <ul style="list-style-type: none"> - Continental Re is aware of the ESG issues that could affect the insurance industry such as ageing and demographic changes, water and food scarcity, biodiversity loss and ecosystem degradation, extreme weather events and climate change, Human rights and labour standards. This is why Continental Re is committed in addressing environmental, social and governance issues within our portfolio at product development, underwriting stages while providing relief and support at claims stage. Our ERM and capital adequacy models include allowances for ESG related risks to raise awareness and asses impact at capital level. We also continue to invest valuable time and resources in research on topics covering products adequacy and distribution.
Product and service development	<ul style="list-style-type: none"> - As a Reinsurer, we provide quantifiable value to clients by providing a value-adding risk transfer mechanism. We further provide intangible value in the form of technical expertise and service. - We believe that our customers deserve our presence and the best possible attention. We thus maintain our focus on terrain we know and Risks we are familiar with and therefore only underwrite business from the African continent in all our lines of business lines except for Oil and Gas for which we have worldwide territorial scope (excluding Gulf of Mexico). - In addition, we offer expert consultancy services in specialist lines like Oil and Gas. Our energy specialty team has extensive knowledge of the African oil and gas industry and offers various underwriting competencies to clients. We make risk more understandable by acting in an advisory role to enable them to have predictability in results despite the complex maze they confront in their risk environments. - Our offering to the various end markets includes a wide range of complimentary services, through our comprehensive training programmes in areas such as product development, risk analysis, product pricing, treaty design etc. Our strong Financial Security Rating is an affirmation of the credibility of our product and service offering.
Claims management	<ul style="list-style-type: none"> - Our claims turnaround is unmatched and we have credible security that ensures peace of mind when claims occur. In July 2013, A.M. Best Europe – Rating Services Limited affirmed the Company’s financial strength rating of B+ (Good) and issuer credit rating of “bbb-”. The outlook for both ratings remains stable which according to the agency signifies a good ability to meet the ongoing insurance obligation.

Investment management	<ul style="list-style-type: none"> - Continental Re's Investments policy follows prescription of the Insurance Act throughout all our offices where the guiding factor is responsible investment. We endeavour to maximize returns as we observe these statutory requirements and maintain our liquidity as optimal as possible which is one of the major strengths of a re/insurer.
Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.	
Action	Progress
Insurers, Reinsurers and Intermediaries	<ul style="list-style-type: none"> - Continental Re participates actively in collective works on issues facing the industry through its membership and participation in a number of industry associations representing the interests of the insurance and reinsurance sector before the public authorities. These include the AIO, FAIR, WAICA, OESAI, and FANAF. Against this background, our Managing Director, as Chief Communicator of the Company was invited by WAICA to present a paper in which he addressed the West African Insurance Industry on the African Socio-Economy and ESG issues surrounding it. - At Continental Re we are dedicated to developing the markets in which we operate through facilitating specialized training and development programmes in all aspects of insurance and reinsurance (view our training programmes www.continental-re.com). We have partnered with industry experts when conducting our training programmes to discuss ESG issues and the company's expectations and requirements on ESG issues. These sessions provide clients with information and tools that may help them manage ESG issues. And we are committed to engaging with other stakeholders to share their expertise on ESG issues in these training forums.
Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	
Action	Progress
Governance	<ul style="list-style-type: none"> - In order to achieve sustainable growth, in addition to the inspections conducted by the Insurance Supervisory Authorities in our markets of operation, we submit the Company to a Rating process by A.M. Best (see AM Best rating report). This process reflects the Company's awareness for effective ERM, an adequate level of Equity capital, Solvency Capital Requirements (SCR) etc in the interest of good corporate governance.
Social	<ul style="list-style-type: none"> - As a pan-African organisation, we run dedicated corporate responsibility programmes in each of the regions in which we operate.

	<ul style="list-style-type: none"> - In Nigeria, we recently announced our commitment to a local sponsorship programme of the SOS Children’s Village at Owu Ljebu in Ogun State, and assumed financial responsibility for 10 children between three and 14 years of age. Through the sponsorship, Continental Reinsurance covers the costs of the health, educational and physical needs of the children on an annual basis.
Environment	<p>We are pursuing initiatives to enhance our corporate responsibility on the basis of our commitment to PSI, to aim for long-term, sustainable value creation. Our focus areas are:</p> <ul style="list-style-type: none"> - Improving the security of populations living nearby industrial sites (oil depots, refineries, chemical or petrochemical facilities); - Reducing the environmental impacts of industrial activities; - Reducing the costs of industrial accidents.
<p>Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.</p>	
Action	Progress
Open disclosure and advocacy	<p>In addition to openly disclosing our PSI signatory status and advocating internally as well as publicly through press releases, at industry events, media interviews, dialogue with clients, regulators etc, the Company’s sustainability report initiatives are available on our website (www.continental-re.com) and in the 2012 Annual Report.</p> <p>This sustainability report will also be availed on the Company’s website.</p>