

# UNEP FI Principles for Sustainable Insurance Initiative (PSI Initiative)<sup>1</sup>

Munich, November 2020

Munich Re has a long tradition of actively living its corporate responsibility. We did not always call it ESG (environment, social, governance) integration, a term that was coined only in the more recent past. Yet, we did always observe the highest standards for our own conduct and that of our clients and business partners. At the same time we gave due consideration to the effects our business activities had on communities and natural habitats. To give an example, as early as in the 1970's – when corporate responsibility was still widely associated with donating to charity – Munich Re was among the first commercial enterprises to publicly warn of the effects of climate change.

More importantly, “we bring our comprehensive risk expertise to bear in providing solutions that reduce risk and mitigate the impact of an unfortunate event on individuals, society and the environment. Further, we take care to engage all stakeholders associated with our organisation in a dialogue that engenders transparency and trust”<sup>2</sup>.

## >> CEO Statement

This has helped us earn the respect and trust of our staff, our clients and business partners, and our investors. At the same time we achieve top rankings by international sustainability rating agencies.

The following explanations shall give an overview of the way we as a Group live up to our corporate responsibility and to voluntary commitments such as the Principles for Sustainable Insurance (PSI) which we helped to develop and to which we are a founding signatory.

## Principle 1

### **We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

The focus of our corporate responsibility is on our core business – which involves the assumption and diversification of risks in primary insurance and reinsurance, as well as investment. We know that we can only achieve long-term economic success through responsible action.

We possess strong leverage for sustainable action by linking economic success with added value for society. In insurance business, we principally achieve this through a strong client focus, by offering responsible products and services, and through the integration of ESG aspects in underwriting decision-making.

## >> Corporate responsibility in insurance business

<sup>1</sup> <https://www.unepfi.org/psi/vision-purpose/>

<sup>2</sup> Joachim Wenning, CEO, Munich Re

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. We are convinced that strategically integrating ESG aspects into our investment processes is a prerequisite for achieving this goal.

In the second half of 2019, Munich Re Group created the new central division 'Group Investment Management' (GIM), incorporating the strategic asset management units of Munich Re and ERGO as well as parts of Munich Re's asset manager MEAG. From the start, GIM had established its own team of ESG experts who develops and oversees the integration of sustainability aspects into the Group's investments by MEAG and external asset managers and sets corresponding guidelines.

>> Corporate responsibility in investment

## 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.**

Climate change, predominantly the result of human activity, is real and has a major influence on weather-related natural disasters. Munich Re is a pioneer in the analysis of how anthropogenic global warming and natural climatic variability impact losses caused by weather-related natural disasters. For the past four decades, we have researched risks, loss prevention measures and new risk transfer solutions. In addition, we examine long-term data on meteorology and losses to better understand changes in risk.

>> Solution-oriented responses to climate change

In last year's PSI report<sup>3</sup> we announced Munich Re's support to a project initiated by the Finance Initiative within the United Nations Environment Programme (UNEP FI)<sup>4</sup>. Together with other leading insurers and reinsurers, we explored and piloted methodologies that insurers can use towards implementing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD)<sup>5</sup>. The pilot group has since published an update of its work.

>> Munich Re and other global insurers share successful climate change strategies to drive greater action and ambition

## 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.**

Munich Re has actively supported a PSI initiative over several years which focussed on the creation of the first insurance industry guide to tackle a wide range of sustainability risks – from climate change, ecosystem degradation, pollution and animal welfare and testing; to child labour, controversial weapons, and bribery and corruption. The draft paper has been published in February 2019. It subsequently went through a thorough, truly global multi-stakeholder consultation process for the remainder of that year and well into 2020.

>> First ESG guide for the global insurance industry

<sup>3</sup> [https://www.munichre.com/content/dam/munichre/global/content-pieces/documents/PSI-Disclosure-2018.pdf/jcr\\_content/renditions/original./PSI-Disclosure-2018.pdf](https://www.munichre.com/content/dam/munichre/global/content-pieces/documents/PSI-Disclosure-2018.pdf/jcr_content/renditions/original./PSI-Disclosure-2018.pdf)

<sup>4</sup> <https://www.unepfi.org>

<sup>5</sup> <https://www.fsb-tcfd.org/>

As in previous years, Munich Re (Group) sponsored, and experts contributed to, research and position papers by such institutions as the Geneva Association<sup>6</sup>, the CRO Forum<sup>7</sup>, the German Insurance Association<sup>8</sup>, Insurance Europe<sup>9</sup>, Pan European Insurance Forum<sup>10</sup>, and many more.

## Principle 4

### **We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.**

This brief notice serves to communicate the progress we have made in the year under review (1 January to 31 December 2019). An extensive overview of all activities can be found in our Corporate Responsibility Report which is accessible through Munich Re's corporate website.

[>> Corporate Responsibility Report 2019](#)

[>> Corporate website](#)

[>> SRI ratings & indices](#)

Furthermore, an update on our climate-related disclosures can be found in our CDP Report on the CDP Website.

[>>www.cdp.net](http://www.cdp.net)

An update for financial year 2020 will be published in due time.

#### **Silke Jolowicz**

Head of Sustainability

Munich Re

[responsibility@munichre.com](mailto:responsibility@munichre.com)

<sup>6</sup> <https://www.genevaassociation.org>

<sup>7</sup> <https://www.thecroforum.org>

<sup>8</sup> <https://www.gdv.de/en>

<sup>9</sup> <https://www.insuranceeurope.eu>

<sup>10</sup> <https://www.peif.eu>

N.B.: Hyperlinks in this document refer to pages in our Corporate Responsibility Report of which this notice is deemed to be an integral part. Links also refer to Munich Re's corporate website and to other pages in the public domain which may be updated at irregular intervals.