

Ensuring good governance and compliance

Swiss Re's corporate governance and compliance regimes aim at safeguarding the sustainable interests of the company and ensuring legal and ethical behaviour.

Corporate governance

Swiss Re considers good corporate governance indispensable to maintaining long-lasting, valuable relationships with its stakeholders. We recognise that transparent disclosure of our governance structure fosters assessment of the quality of our organisation and business conduct.

Swiss Re's corporate governance adheres to the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance, including its annex. It is also in line with the principles of the Swiss Code of Best Practice for Corporate Governance (Swiss Code) of September 2014, issued by *economiesuisse*, the Swiss business federation. Swiss Re, moreover, conforms to the Swiss Financial Market Supervisory Authority (FINMA) provisions on corporate governance, risk management and internal control systems, which came into effect on 1 January 2009. Swiss Re's corporate governance also complies with applicable local rules and regulations in all jurisdictions where it conducts business.

In our Corporate Responsibility Report, we highlight key elements of Swiss Re's corporate governance concerning the structure and independence of the Board of Directors and shareholder rights. Comprehensive information following the structure of the SIX Directive is available in the 2015 Financial Report, pages 74–113.

Binding AGM votes on Board of Directors and Group Executive Committee compensation

The Annual General Meeting 2014 had approved the amendments to the Articles of Association required to comply with the "Ordinance Against Excessive Compensation at Public Corporations" (Ordinance) which became effective on 1 January 2014. Based on the new provisions, the Annual General Meeting 2015 was asked to vote with a binding effect on the compensation for the Board of Directors and the Group EC. It approved all compensation-related motions with overwhelming majorities. For the detailed voting results of the Annual General Meeting 2015, please refer to: www.swissre.com/investors/events/151st_Annual_General_Meeting.html

Swiss Re's corporate governance framework

Swiss Re has a dual board structure: the Board of Directors is responsible for oversight, while the Group Executive Committee (Group EC) is responsible for managing operations. This structure maintains effective mutual checks and balances between the top corporate bodies.

Independence of the Board of Directors

Swiss Re's Group Bylaws stipulate that at least three-quarters of the members of the Board of Directors must be independent. Independence is defined

 For more information see swissre.com/about_us/corporate_governance/

in line with best practice corporate governance standards. To be considered independent, a Group Board member may not be, and may not have been in the past three years, employed as a member of the Group EC, or by any Subsidiary of the Swiss Re Group or may not have a material relationship with any part of the Swiss Re Group (either directly or as a partner, director or shareholder of an organisation that has a material relationship with the Swiss Re Group) other than serving as an independent board member in any Subsidiary. All the members of the Board of Directors meet our independence criteria with the exception of our Chairman. As a full-time Chairman he is not considered independent.

The members of the Board of Directors are also subject to procedures to avoid any action, position or interest that conflicts with an interest of Swiss Re Ltd or the Swiss Re Group or gives the appearance of a conflict.

The organisation of the Board of Directors is set forth in the Group Bylaws, which define the organisational structure and function of Swiss Re Ltd and the responsibilities and authorities of the Board of Directors, its committees and the Group EC and their members.

The Board has established Board committees to assist it in fulfilling its duties and has delegated certain responsibilities, including the preparation and execution of its resolutions, to the following five committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee, the Finance and Risk Committee and the Investment Committee.

Audit Committee

The central task of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities as they relate to the integrity of Swiss Re's and the Group's financial statements, the Swiss Re Group's compliance with legal and regulatory requirements, the external auditor's qualifications and independence, and the performance of GIA and the Group's external auditor.

All members of the Audit Committee are non-executive and independent. In addition to the independence criteria applicable to Board members in general, additional independence criteria apply for members of the Audit Committee.

They are required to possess such additional attributes as the Board of Directors may, from time to time, specify. Each member of the Audit Committee has to be financially literate. At least one member must possess the attributes to qualify as an Audit Committee financial expert, as determined appropriate by the Board of Directors.

Shareholders' participation rights **Shares**

All shares issued by Swiss Re Ltd are fully paid-in registered shares, each with a par value of CHF 0.10. Each share carries one vote. There are no categories of shares with a higher or limited voting power, privileged dividend entitlement or any other preferential rights, nor are there any other securities representing a part of the company's share capital. The company cannot exercise the voting rights of treasury shares.

Voting right restrictions, statutory group clauses and exception rules

There are no voting right restrictions and no statutory group clauses. Therefore, there are no procedures or conditions for cancelling restrictions and no rules on making exceptions to them. Accordingly, no such exceptions were made in 2015.

Statutory rules on participating in the General Meeting of shareholders

The share whose owner, usufructuary or nominee is entered in the share register as having voting rights on a specific qualifying day determined by the Board of Directors entitles its holder to one vote at the General Meeting of shareholders.

Swiss Re's Articles of Association allow any shareholder with voting rights to have his or her shares represented at any General Meeting of shareholders by another person authorised in writing or by the Independent Proxy. Such representatives need not be shareholders.

Business firms, partnerships and corporate bodies may be represented by legal or authorised representatives or other proxies, married persons by their spouses, minors and wards by their guardians, even though such representatives are not shareholders.

Defence measures

Swiss Re has not put in place any specific measures to defend against potential unfriendly takeover attempts. The Board of Directors believes that the company's best protection is a fair valuation of its shares, and that the efficiency of a free market is preferable to artificial obstacles, which can have a negative impact on the share price in the long term.

Compliance: Code of Conduct

Our Code of Conduct (the "Code") is one in a series of documents governing the organisation and management of our company. It sets the framework and defines the basic legal and ethical compliance principles we adhere to globally. The Code is built on the five Swiss Re values, which guide us in making responsible decisions and achieving results using the highest ethical standards: client centricity, agility, team spirit, passion to perform and integrity.

The Code also offers practical guidance and examples for deciding the appropriate course of action and solving ethical dilemmas. It further sets out how all employees should react when they observe a possible breach of the principles in the Code. All employees are obligated to uphold both the letter and spirit of the Code and the Group's corporate governance principles in their daily business activities, and to respect and obey applicable laws and regulations in all jurisdictions where we do business.

We regularly review and update the Code to reflect changes in regulations and principles. A comprehensively overhauled version will be published in the second half of 2016.

Key topics and policies

Our current version of the Code (valid as of 31 December 2015) addresses the following key compliance topics, amongst others:

- Antitrust (compliance with competition laws)
- Bribery and corruption
- Data protection and privacy
- Fraud (including tax avoidance)
- Inside information and insider trading
- International trade controls and economic sanctions
- Licensing and permanent establishment (including tax compliance)
- Money laundering
- Whistleblowing

The Code is supported by detailed policies and guidelines that document Swiss Re's requirements in line with applicable laws and regulations.

The current Code is available to our employees in six languages: English, German, French, Italian, Spanish and Portuguese. The revised version will be published in two additional languages, bringing the total to eight.

Bribery and corruption

The Code addresses our position on bribery and corruption. This clearly states that "Swiss Re pursues a 'zero tolerance' policy with respect to bribery and corruption" and that "bribing governmental agents, regulators or other officials is a crime".

In support, we implemented our Group Anti-Bribery and Corruption Policy in 2012. This clearly states that bribery, facilitation payments and hospitality where the giver is not present are always prohibited. For gifts, hospitality, sponsorships and charitable contributions, the policy and guidelines specify the correct procedures to be followed.

Money laundering

The Code draws attention to the risk of becoming unintentionally involved in money laundering and emphasises the importance of due diligence.

Our Anti-money Laundering Guidelines set out in detail key principles and guidance in relation to our anti-money laundering and counter terrorism financing efforts, including obligations concerning “know your counterparty” and the reporting of any suspicious activities.

Swiss Re’s commitment to sustainability

The Code includes our formal commitment to sustainability, providing a guiding principle for our efforts to act as a responsible company.

Whistleblowing

There are several ways in which alleged violations of the Code can be reported, both by internal and external sources. For our employees, these include a whistleblowing hotline, which they can use anonymously or with identification. The hotline is operated independently by an external vendor and includes translation services into numerous languages. The specific policies regarding whistleblowing differ between our offices, based on the applicable national laws of the respective country.

Training

All new permanent and temporary employees joining Swiss Re must undergo mandatory eLearning training on the Code. Completion of the training is tracked and instances of non-completion are escalated until resolution. The Code eLearning course was updated in 2015, putting the focus on ethical behaviour in accordance with the principles of the Code and its relationship to Swiss Re’s values. It has an interactive character and requires employees to assess behaviour and actions in various scenarios.

All permanent and temporary employees need to complete a Code of Conduct Acknowledgement every two years. The latest acknowledgement round was completed in 2015; it used a similar approach to the eLearning module, putting the focus on ethical behaviour and requiring our employees to apply the Code to a specific scenario.

In addition, we conducted trainings for all our employees on the following topics between 2013 and 2015:

- Anti-money laundering and terrorist financing
- Fraud
- Inside information and insider training
- Data protection
- Information security

Validity for third parties

Third parties representing Swiss Re – such as consultants, intermediaries, distributors and independent contractors – should be carefully selected and need to comply with the Code and relevant policies. When we work with such third parties we provide them with information about the relevant requirements and, in the event of any infringements, take appropriate action, up to and including terminating a contract.