

Ensuring good corporate governance and compliance

Swiss Re's corporate governance forms the basis for sustainable management of the Swiss Re Group.

Corporate governance

Swiss Re considers good corporate governance as one of the preconditions to ensure sustainability throughout all the Group's activities and 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 also conforms to the Swiss Financial Market Supervisory Authority (FINMA) provisions on corporate governance, risk management and internal control systems. Swiss Re's corporate governance furthermore complies with applicable local rules and regulations in all jurisdictions where it conducts business.

Our key focus areas in 2016 were the enhancement of Swiss Re Life Capital Ltd's and the Business Unit Life Capital's corporate governance framework and the comprehensive revision of the Bylaws.

In our Corporate Responsibility Report, we highlight key elements of Swiss Re's corporate governance, in particular with respect to its structure, the independence of the Board of Directors, conflicts of interest procedures and shareholder rights. Comprehensive information on Swiss Re's corporate governance is available in the 2016 Financial Report on pages 80–119.

Swiss Re's corporate governance structure

Swiss Re has a dual board structure in place: the Board of Directors is responsible for the overall direction, supervision and control of Swiss Re Ltd and the Group. It has delegated the management of Swiss Re Ltd and the Swiss Re Group to the Group Executive Committee (Group EC). This structure maintains effective mutual checks and balances between these top corporate bodies.

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

The Swiss Re Ltd & Group Bylaws ("SRL&Group Bylaws") define the governance structure for Swiss Re Ltd and within the Swiss Re Group, including the responsibilities of the Board of Directors, Chairman, Vice Chairman, Lead Independent Director, Board committees, Group EC, Group CEO and of the other individual Group EC members including the Regional Presidents, as well as the relevant reporting procedures.

As determined by applicable law and the Articles of Association, the Board of Directors has non-transferable responsibilities and authorities. The Board of Directors has established Board committees, which support the Board in fulfilling its duties. The Board of Directors 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.

Independence of the Board of Directors and conflicts of interest procedures

The SRL&Group Bylaws stipulate that at least three-quarters of the members of the Board of Directors must be independent. Independence is defined 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. In line with Swiss Re's independence criteria, he is not considered independent being a full-time Chairman. In addition to the independence criteria applicable to Board members in general, additional independence criteria apply for members of the Audit Committee.

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. Each member must disclose any conflict of interest generally arising or relating to a matter to be discussed at a meeting, as soon as the member becomes aware of the conflict, to the Chairman. The respective member must not participate in the discussion and decision-making involving the interest at stake. The Chairman informs the Board of Directors of the existence of the conflict and it is reflected in the meeting minutes.

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 Swiss Re Ltd's share capital. Swiss Re Ltd 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 (other than the limitations on nominee registrations). 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 2016.

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 Ltd'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.

Changes of control and defence measures

Swiss Re Ltd has not put in place any specific measures to defend against potential unfriendly takeover attempts. Swiss Re Ltd's Articles of Association neither contain an "opting up" nor an "opting out" provision. 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.

By adhering to the highest compliance standards, we ensure legal and ethical behaviour across the Group.

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: integrity, team spirit, passion to perform, agility and client centricity.

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 was published in the second half of 2016. While the requirements set out in the Code generally remain the same, many changes were made to make it a more user-friendly document. The language used in the new Code is easy to understand and concise. The new layout and real-life examples give us clearer guidance in our day-to-day business.

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

The new Code is available to our employees in eight languages: English, French, German, Italian, Japanese, Portuguese, Slovak and Spanish.

Topics and policies

Our new Code addresses the following key compliance topics under two headings, “Our responsibility towards one another and Swiss Re” and “Our responsibility towards our business partners and society”:

Our responsibility towards one another and Swiss Re

- Business information and information technology
- Communication
- Conflicts of interest
- Diversity & inclusion and fair and equal treatment
- Fraud
- Health, safety and security
- Intellectual property

Our responsibility towards our business partners and society

- Bribery and corruption
- Data protection
- Inside information
- Fair competition
- International trade controls and economic sanctions
- Licensing and permanent establishment
- Money laundering
- Sustainability and human rights

Bribery and corruption

The Code addresses our position on bribery and corruption. It clearly states that “we conduct business fairly without accepting or offering benefits intended to improperly influence decision-making”.

In support, we implemented our Group Anti-Bribery and Corruption (ABC) Policy in 2012. This emphasises 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 standards specify the correct procedures to be followed.

In 2016, we integrated our ABC Policy in our Sensitive Business Risks assessment tool, which our underwriters use to screen transactions for potential negative impacts on the environment and human rights (see page 31). This helps us to mitigate our exposure to bribery and corruption risks through appropriate due diligence on our counterparties.

Data protection

We could not work successfully with our business partners, clients and individual consumers around the world without maintaining their trust for the data they provide to us. The Code highlights that we need to handle personal data with greatest care and use it only for legitimate business purposes.

Our Data Protection Compliance Framework, with global as well as local policies and standards, addresses our commitment to protecting personal data and respecting privacy rights across our operations. We use internationally recognised data protection and privacy principles that ensure compliance with a complex and constantly changing set of laws and regulations, and we provide proper training and awareness sessions to our employees. Procedures for reporting security incidents and notifying on data breaches are established.

We also contribute thought leadership on data protection by conducting expert sessions during insurance industry events and hosting symposium events at our Centre for Global Dialogue to look at the future of regulations, cross-border data processing, big data, ethics and e-health in insurance (see pages 48–49).

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 Standards 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.

Sustainability and human rights

The Code includes our formal commitment to sustainability and human rights, 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, the options are described in the Code and 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 in the three years between 2014 and 2016:

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

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.



Our updated Code of Conduct

[files.swissre.com/
codeofconduct/index.html](https://files.swissre.com/codeofconduct/index.html)

