

# Ensuring good corporate governance and compliance

Swiss Re's corporate governance is embedded in our culture.

## Corporate governance

Corporate governance developments and trends are changing rapidly and are based on enhanced regulation and evolving political parameters representing a comprehensive topic for the Board of Directors to deal with. A company's corporate governance does not only need to incorporate legal and regulatory requirements but also has to respond to increasing stakeholder

expectations. Measuring a company's corporate governance based on environmental, social and governance (ESG) criteria is gaining in importance.

Key focus areas in 2017 included the revision of the Corporate Bylaws to anticipate developments and trends, the enhancement of the conflicts of interest framework as well as Board of Directors educational sessions and trainings.

The Board of Directors regularly assesses Swiss Re's corporate governance against regulatory developments, relevant best practice standards and new stakeholder demands. The Board of Directors closely monitors Swiss and global corporate governance developments and considers relevant studies and surveys.

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 2017 Financial Report on pages 92–135.

### SWISS RE'S CORPORATE GOVERNANCE ADHERES TO

- the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance, including its annex;
- the principles of the Swiss Code of Best Practice for Corporate Governance (Swiss Code) of September 2014, issued by *economiesuisse*, the Swiss business federation; and
- 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.

### **Swiss Re's corporate governance framework**

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

The SRL Bylaws define the governance framework of SRL and the Group, including the responsibilities and authorities 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 inalienable and 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 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 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 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. In addition, the Board of Directors agrees on other criteria that disqualify a Board member from being considered independent, taking into consideration provisions of applicable law, regulations and best practice.

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. 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 SRL or the Swiss Re Group or gives the appearance of a conflict. Each member must disclose any conflict of interest 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. Each member must disclose any conflict of interest generally arising to the Group Chief Legal Officer or in his absence to the Group Chief Compliance Officer in line with the standards and procedures set forth by the personal Conflicts of Interest Instructions.

### **Shareholders' participation rights Shares**

All shares issued by SRL 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 SRL's share capital. SRL 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 2017.

### **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.

SRL'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**

SRL has not put in place any specific measures to defend against potential unfriendly takeover attempts. SRL'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. An overhauled version that includes a new layout and real-life examples to provide clearer guidance for day-to-day business situations was published in the second half of 2016.

The Code is supported by detailed policies and standards that document Swiss Re’s requirements in line with applicable laws and regulations. It is available to our employees in eight languages: English, French, German, Italian, Japanese, Portuguese, Slovak and Spanish.

## Policies

Our 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


Below we present additional information on some key topics in the Code:

## 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”.

The Code is supported by our Global Policy on Financial Crime and our Global Standard on Anti-Bribery and Corruption, which emphasise 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 standard specify the correct procedures to be followed, including dealing with public officials and making entries in the gift and hospitality register.

**OUR CODE OF CONDUCT** ▼



Code of Conduct  
Our Company. Our Code.

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

### **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 by hosting events through the Swiss Re Institute that look at the future of regulations, new technologies, digitalisation, cross-border data processing, big data and innovation in life and health insurance

### **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 due diligence obligations concerning “know your counterparty”, counterparty and politically exposed persons (PEP) screening 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 (where legally permitted) or with identification. The hotline is operated independently by an external vendor and includes translation services into numerous languages.

#### **Training**

All new permanent and temporary employees joining Swiss Re must undergo mandatory eLearning training on the Code, focusing on ethical behaviour in accordance with the principles of the Code and its relationship to Swiss Re’s values. Completion of the training is tracked and instances of non-completion are escalated until resolution.

All permanent and temporary employees complete a periodic Code of Conduct Acknowledgement.

We also conducted trainings for all our employees on the following compliance topics in the four years from 2014 to 2017:

- Anti-bribery and corruption
- Anti-money laundering and terrorist financing
- Conflicts of interest
- Data protection
- Inside information and insider training
- Fraud awareness

In addition, we have offered tailored trainings to employees that are particularly exposed to certain compliance risks, eg on antitrust and fair competition, insider trading, licensing & permanent establishment.

### **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.

### **Policy governance**

In the second half of 2017 we launched a Policy Management Tool as a central place for finding all Swiss Re policies and standards. In addition, we simplified the architecture of our Global Policies so that they are short and use simplified language and a consistent structure to make them easy to read and understand. There are a reduced number of Global Policies (eight in total) that contain high-level principles all employees have to be aware of, beyond the principles set out in the Code of Conduct. Where necessary, underlying Standards are in place to provide additional detail on the Code of Conduct and the Global Policies.