

Ensuring good corporate governance and compliance

Environmental, social and governance (ESG) issues have grown in importance and become the key focus areas in Europe, the US and other jurisdictions.



Corporate governance

Environmental, social and governance (ESG) issues dominated the corporate governance discussions in key jurisdictions during 2019. There is an understanding that corporate actions do not take place in a vacuum, but within a dynamic landscape of evolving ESG issues and risks. ESG issues are linked to a variety of areas, for which the boards already have oversight, therefore they cannot be viewed in isolation. It is not surprising that many of the main corporate governance trends in 2019 such as diversity, scrutiny of executive remuneration and workforce and stakeholder engagement are to some extent related to the wider discussion around ESG issues.

We expect the ESG trend to intensify further over the next few years. One reason for the increased focus on ESG issues is the greater transparency with respect to corporate reporting in general and with respect to ESG

disclosures in particular. Companies are increasingly asked about their approach to sustainability and corporate social responsibility. They recognise that a good reputation, including an elaborated response to ESG matters, can be a strategic asset. A failure to respond appropriately to ESG issues can be a long-term and strategic risk. Employees, in particular millennials, contribute to the focus on ESG issues as they expect their companies to reflect their values. Finally, investors are also increasingly focusing on ESG issues.

In our Sustainability Report, we provide a short overview on Swiss Re's corporate governance framework. For full details, please see our 2019 Financial Report, pages 80–117.

Corporate governance framework

Swiss Re's corporate governance framework ensures sustainability, fosters transparency and a quality assessment of the Swiss Re Group's organisation and business.

The Board of Directors has the ultimate responsibility for the success of Swiss Re Ltd (SRL) and the Swiss Re Group within a framework of effective and prudent controls. It is responsible for the overall direction, supervision and control of SRL and the Swiss Re Group and of the Group Executive Committee (Group EC) as well as for supervising compliance with applicable laws, rules and regulations. Such responsibilities are non-transferable and rest with the entire Board. At least three-quarters of the members of the Board of Directors must be independent members. SRL defines independence in line with best-practice corporate governance standards. The Board of Directors has delegated the management of SRL and the Swiss Re Group to the Group EC.

Content in the 2019 Financial Report



Comprehensive information on Swiss Re's corporate governance is available on pages 80–117.

Swiss Re's Code of Conduct provides key principles that guide Swiss Re in making responsible decisions and achieving results using the highest ethical standards (see section "Compliance: Code of Conduct" to the right).

Swiss Re's Corporate Governance Guidelines provide Swiss Re's harmonised governance principles and standards ensuring a consistent and tailored corporate governance approach across the Swiss Re Group.

The Articles of Association define the legal and organisational framework of SRL as the Group's holding company. The 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. The Board Committee Charters outline the duties and responsibilities of the six Board Committees: Chairman's and Governance Committee, Nomination Committee, Compensation Committee, Audit Committee, Finance and Risk Committee and Investment Committee.

Compliance: Code of Conduct

Our Code of Conduct (Code) is one of the key documents governing the management of risks and driving the culture within our company. It sets the framework and defines the basic compliance and integrity 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, policies, standards 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.



By adhering to the highest standards, we ensure behaviour across the Group that is compliant and demonstrates integrity.

We regularly review and update the Code to reflect changes in regulations and principles. The Code was overhauled in 2016 to include real-life examples and clearer guidance for day-to-day business situations. In 2019, updates were made to the Code, among others to reflect Swiss Re's commitment to deliver products and services that create long-term value. 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.

Assurance

Assurance activities to monitor adherence to the Code are a core part of our Compliance Programme. Compliance performs independent risk-based monitoring to ensure the adherence and the efficiency of processes and controls mitigating our key

Our Code of Conduct



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



compliance risks across Swiss Re. In 2019, we implemented new data analytics technology to set the foundation for continuous monitoring and will continue to further develop and roll out our continuous monitoring capabilities in 2020.

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

Website



You can learn more about our approach to compliance and integrity at: www.swissre.com/about-us/corporate-governance/Compliance.html

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”.

Our Global Framework on Anti-Bribery and Corruption, supported by a Global Policy on Financial Crime and our Global Standard on Anti-Bribery and Corruption, emphasise that bribery, facilitation payments and hospitality where the giver is not present are always prohibited, and provide guidance on how to deal with public officials and on other procedures to be followed. Tools to support employees in carrying out their anti-bribery responsibilities in accordance with the framework are also in place. For example, a gift and hospitality register exists for employees through which they can request approval for gifts, hospitality, sponsorships, charitable and political contributions above thresholds specified in the policy and standard.

Our gift and hospitality threshold requirements are set in the context of our industry, regulatory requirements and risk exposure. In 2019, the Global Standard was updated to apply stricter thresholds for hospitality, sponsorships and charitable contributions following the performance of an industry benchmarking. Lower thresholds applicable to public officials’ gifts&hospitality, including donations, remained unchanged. Also, in 2019, we released a new data analytics dashboard built on Tableau to support assurance activities by improving monitoring capabilities of the framework. The dashboard provides an overview of gift and hospitality register entries and supplements other existing reports.

Data protection

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

Website



You can learn more about our global approach to data protection and privacy at: www.swissre.com/about-us/data-protection-brochure.html

Our Global Framework on Data Protection, with a global policy and standard as well as targeted 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. We offer additional information about our global data protection and privacy approach on our public website.

Money laundering

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

Our Global Framework on Anti-money Laundering, supported by a Global Policy on Financial Crime and our Global Standard on Anti-money Laundering sets out in detail key requirements 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.

In 2018, the Global Standard on Anti-money Laundering was updated to align process requirements of the framework to Swiss Re’s business operating model. The Global Framework on Anti-money Laundering was updated to distinguish between key requirements described in the Global Standard on Anti-money Laundering and related processes described in the Global Anti-money Laundering Process Document. Updates to anti-money laundering process documents for specific business operating units were also performed to further support the framework.

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

Swiss Re is strongly committed to maintaining a culture in which employees feel free to voice their concerns and report suspected misconduct. Accordingly, Swiss Re explicitly prohibits any retaliatory action against employees who report suspicions of misconduct in good faith and has implemented processes to support good faith reporting.

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 an external, independently operated whistleblowing hotline, which can be used anonymously (where legally permitted). Our whistleblowing hotline is also available to externals via our public website. The hotline includes translation services into numerous languages and is available globally.

All investigations of alleged Code violations involving either an employee or external contractor are handled by the Investigation Coordination Process (ICP). ICP, which is managed by the Compliance function, serves as a central coordinating unit across all Swiss Re offices globally and ensures that all investigations are handled in a consistent and fair manner. If, following an investigation, the allegations are substantiated, ICP will issue recommendations regarding any appropriate disciplinary or non-disciplinary actions that should be taken. ICP also ensures that any such actions are applied consistently across the Group.

Misconduct cases are systemically presented and discussed with executive management, as well as with legal entity boards as part of the reports to board audit committees. In 2019, ICP cases reflected the following indicators:

- 93 cases were investigated by ICP in 2019, and 74 were closed.
- Of the 74 cases closed in 2019, 64% were substantiated and 36% were not substantiated.
- The reporting intake methods for the ICP cases that were investigated in 2019 were: through internal channels, including reporting directly to Compliance, via line managers and via Human Resources (67%), from external sources (15%), the whistleblowing hotline (14%) and process detection (4%).
- The categories of ICP cases investigated in 2019 included external Fraud (31%), Discrimination and Harassment (including bullying) (20%), internal Fraud (15%), Insider Trading (accidental trading within a close period) (11%) and various Other Code of Conduct Violations (23%) – none of these other violations individually exceeded 10%.
- Of the 93 cases that were investigated, 31% were due to the actions of external actors and 69% were due to the actions of internal personnel.
- Disciplinary actions, including termination, written warnings, verbal warnings and performance rating adjustments, were taken in 38% of substantiated cases. The relatively low percentage of such actions should not be taken as an indication of a weak Compliance culture. It is important to note that each investigation is fact- and circumstance-specific. There are certain circumstances where disciplinary actions are nearly always imposed, such as where active employees are found to have engaged in intentional misconduct. However, there are also circumstances where allegations would be considered substantiated but may not lead to disciplinary action, such as cases involving unintentional breaches, cases where the perpetrator(s) cannot be identified, and

cases involving external Fraud. In these cases rather than disciplinary action, other forms of resolution are mandated such as: additional training activities or increased supervision.

- In each case, regardless of the outcome, we ensure that any lessons learned from the investigation are communicated within the Compliance function as well as to any relevant stakeholders. In addition, we ensure that training and communications are updated, and controls and processes are adapted as necessary.

Training

All new permanent and temporary employees joining Swiss Re must undergo mandatory eLearning training. In June 2019, a new Compliance eLearning for all new employees was launched. The eLearning focuses on the Code and additional ethical behaviour in accordance with Swiss Re's values. It also includes individual modules on the following compliance topics:

- Anti-bribery and corruption
- Anti-money laundering and terrorist financing
- Conflicts of interest
- Data protection
- Fraud
- Fair competition
- Insider trading
- International trade controls and economic sanctions
- Licensing

Completion of the training is tracked and instances of non-completion are escalated until resolution.

In March 2019, a new annual attestation process was launched to all permanent and temporary employees to acknowledge personal accountability for complying with specific requirements related to the Code of

Conduct and Global Compliance Policies and Standards which includes, for the avoidance of doubt, responsibility for Conflict of Interest and Gift and Hospitality Register disclosures.

In addition, we deliver mandatory global eLearnings to remind and increase understanding of our key compliance risks and policy requirements. Last year, global eLearnings were delivered on Fraud Awareness and Anti-money Laundering and Terrorist Financing. We also conducted global eLearnings on the following compliance risks over the period from 2016 to 2019:

- Anti-bribery and corruption
- Fair competition
- Conflicts of interest
- Licensing and permanent establishment
- Data protection
- International trade controls and economic sanctions

In addition, local compliance officers regularly provide needs-based training on compliance risks tailored to their respective locations and/or areas of business.

Training on Code topics falling outside the Compliance mandate is managed similarly by the responsible functional areas.

In 2017, we enhanced the mandatory training escalation process for all Group-wide Compliance eLearnings to enable timely completion of assignments. Employees not complying with their mandatory eLearning assignments on time without valid reasons are subject to potential disciplinary action. For 2019, we achieved 100% completion of all mandatory eLearning assignments including new hire and refresher training.

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

A Policy Management Tool serves as a central place for finding Swiss Re policies and standards. Eight Global Policies contain more detailed principles all employees have to be aware of, supporting the principles set out in the Code. Where necessary, underlying Global Standards are in place to provide additional detail on the specific requirements.