

Ensuring good corporate governance and compliance



2020 highlights:

- Formally integrated sustainability-related performance targets into compensation framework.
- Demonstrated commitment to tax transparency including the publication of our tax transparency report.
- 90% of employees agree their colleagues act ethically and with integrity.
- 87% of employees felt that if misconduct had been, or was being committed, they would know how to report it (ie whistleblowing).
- For an overview of key corporate governance highlights in 2020, see our Financial Report 2020 (pages 81 – 83).

Swiss Re's corporate governance and compliance are based as much on sound frameworks and policies as on a spirit of transparency and integrity.

Corporate governance

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

Legislators, regulators, asset managers, shareholders and other stakeholders are increasingly looking to corporate governance as a means of improving transparency and accountability for sustainability. In particular, companies are now expected to have appropriate governance structures and governance priorities to address ESG issues. Corporate governance objectives over which boards in recent years have assumed greater oversight responsibility, such as diversity, better alignment of executive compensation and stakeholder engagement, are increasingly seen as having ESG aspects, making these topics even more important.

ESG is figuring more prominently particularly in Europe, but also in the US and in other key jurisdictions, in investment decisions and in corporate disclosure. We expect to see an increased focus on corporate disclosure, particularly around climate change. Europe is taking the lead on climate-related disclosures, and there is an emerging consensus on the need for greater standardisation of climate disclosures and performance measures.

We also expect that demonstrating leadership on ESG topics will be seen by asset managers, shareholders and others, including employees and customers, as a differentiating factor, providing advantages across a range of areas for those able to demonstrate a commitment to, and significant transparency around, ESG themes. For more information on our sustainability governance, please see page 82 and refer to the Financial Report 2020, page 82.

Swiss Re's corporate governance framework

The Board of Directors (BoD) has ultimate responsibility for the success of Swiss Re Ltd and the Group within a framework of effective and prudent controls. It is responsible for the overall direction, supervision and control of Swiss Re Ltd and the Group and of the Group Executive Committee (Group EC), as well as for supervising compliance with applicable laws, rules and regulations. Such responsibilities cannot be delegated and therefore rest with the entire BoD. The BoD has delegated the management of Swiss Re Ltd and the Group to the Group EC. This corporate governance framework ensures sustainability, fosters transparency and facilitates a quality assessment of the Swiss Re Group's organisation and business.

Corporate governance

[See Financial Report](#)

Swiss Re's corporate governance documents

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. It is built on the five Swiss Re values: integrity, team spirit, passion to perform, agility and client centricity (see section "Compliance" to the right).

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

The Articles of Association define the legal and organisational framework of Swiss Re Ltd as the Group's holding company. The Bylaws define Swiss Re's governance framework and include the responsibilities of the BoD and the Group EC and their members. The Board Committee Charters outline the duties and responsibilities of the Board Committees and form part of the Bylaws. The Bylaws and the Board Committee Charters are not publicly available.

Sustainability governance

We have set up a governance framework to develop, enhance, implement and monitor our Group Sustainability Strategy.

At Swiss Re's highest governance level, the BoD is responsible for overseeing the development and adoption of the Group Sustainability Strategy and related policies. It has assigned detailed sustainability-related responsibilities to four BoD committees (see graph).

While the BoD is responsible for oversight, the Group EC ensures the implementation of the Group Sustainability Strategy. The Group EC members who head Swiss Re's Group Functions, the Business Units Reinsurance and Corporate Solutions, the iptiQ Division as well as Public Sector Solutions have explicit responsibilities related to sustainability.

Sustainability governance

[See website](#)

Responsible investing governance framework

[See website](#)

The Group EC has established the Group Sustainability Council (GSC), an advisory body, to better coordinate and align sustainability activities at Group level. The GSC reviews the annual sustainability assessment as well as the sustainability-related performance targets, which are considered for determining the Group Annual Performance Incentive (API) pool (see below). The GSC is composed of Group EC members and other senior management representatives and is chaired by the Group Chief Risk Officer.

On an operational level, the business and many Group Functions have defined their own sustainability bodies, dedicated roles and built up networks to implement our Group Sustainability Strategy. In 2020, we also created a new team that drives the implementation of the Group Sustainability Strategy and related initiatives across the Group.

You can find detailed information about Swiss Re's sustainability and climate-related governance, including a description of the responsibilities of the governing bodies, on our website.

Sustainability-related targets linked to compensation

To further embed sustainability in all our business activities, we have continued to strengthen the link between remuneration

and sustainability performance. As part of our Group Sustainability Strategy implementation, we introduced sustainability as an additional qualitative assessment dimension for determining our Group Annual Performance Incentive (API) pool. This establishes a clear connection between sustainability targets and compensation for all employees, including the Group EC.

The sustainability assessment in 2020 is primarily based on qualitative key performance indicators (KPIs) and targets. These are aligned with our 2030 Sustainability Ambitions and our net-zero commitments.

In the course of 2020, we further enhanced the framework by defining quantitative KPIs and respective targets, which will form the basis for the 2021 performance assessment. Swiss Re will continue refining sustainability-related KPIs and targets to ensure we are reaching our ambitious sustainability commitments.

For a description of the Group API pool funding process, see our Financial Report 2020, pages 121 – 122. For performance outcomes on the qualitative assessment in 2020, including sustainability aspects, see the table on pages 16 – 21 in this report, as well as pages 133 – 134 in our Financial Report 2020.



Compliance

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

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, its policies and 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. In 2020, 90% of Swiss Re employees agreed their colleagues act ethically and with integrity (2019: 86%).

We regularly review and update the Code to reflect changes in regulations and principles. In 2020, updates were made to clarify Swiss Re’s commitment to mitigate conduct risks by taking decisions that account for our end-customers’ best interests. 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 to and the efficiency of processes and controls mitigating our key compliance risks across Swiss Re. In 2019, we implemented a new data-driven strategy to set the foundation for continuous monitoring. In 2020, efforts to develop and implement our data-driven strategy to support us in identifying and generating meaningful insights continued.

Our Code of Conduct



[See website](#)

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 and 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 and, operationally, we have a Global Compliance Risk Framework for Anti-Bribery and Corruption (“Framework”), including policies, standards, training, assurance activities, enabling advice and tools to help manage this risk. The Framework is reviewed at least annually and updated as required. In 2020 it was updated to clarify the prohibition of giving cash and cash equivalent gifts. This year, we also performed industry benchmarking on the framework that confirmed our gift and hospitality register threshold requirements remain appropriately set in the context of our industry, regulatory requirements and risk exposure.

We recently implemented a new data analytics dashboard to support assurance activities by improving the monitoring capabilities of the framework. It provides an overview of gift and hospitality register entries and supplements other existing reports.

Bribery and corruption

[See website](#)

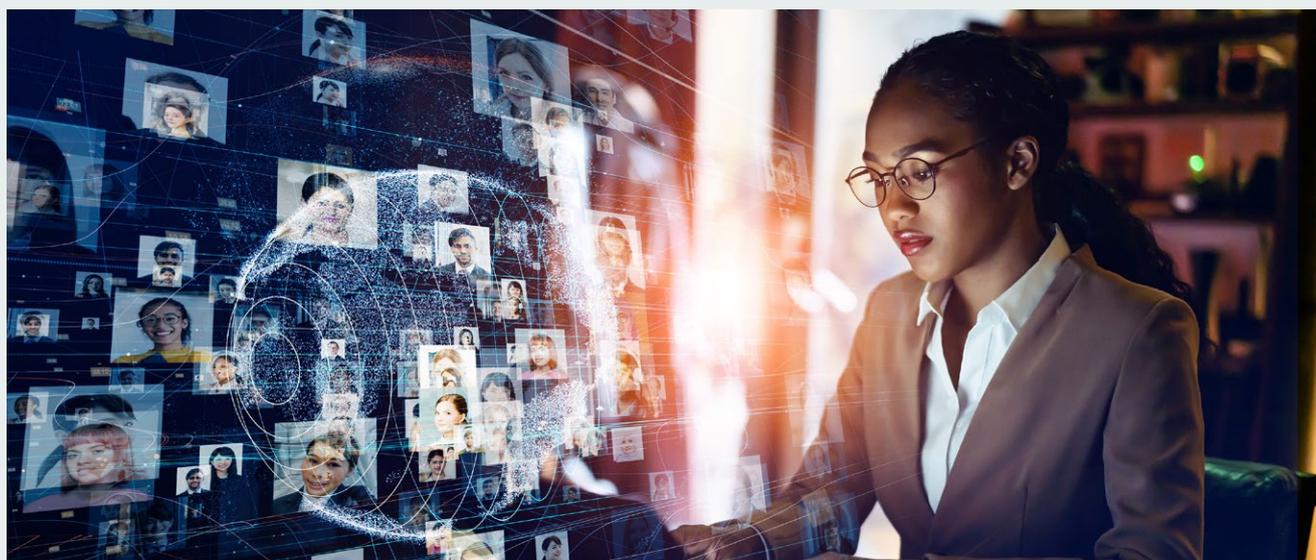
Data protection

The Code highlights that we need to handle personal data with the greatest care and use it only for legitimate business purposes.

Our Global Framework on Data Protection, with a Global Policy and a Global Standard on Data Protection (supplemented by local Targeted Standards), addresses our commitment to protecting personal data and respecting privacy rights across our operations. Over the past few years our digital strategy has grown, resulting in increased data circulation. In 2020, a digital governance framework process was introduced to help mitigate privacy and other related risks (eg cyber and cloud amongst others) in a new fast-paced digital environment. This process helps all new digital projects follow our standards.

Data protection

[See website](#)



While offering substantial benefits for end-users, the use of artificial intelligence and digital data in insurance can also raise ethical concerns. This is why we have started to develop our own ethical guidance to navigate digitalisation in a responsible way.

Digital responsibility

Digitalisation across the re/insurance value chain is accelerating. It is expected that this will enhance the value provided to customers and help close protection gaps. Thus, it is important to actively promote digitalisation. However, the use of artificial intelligence and digital personal data also raises ethical concerns regarding fairness, inclusion, hardship and solidarity. In this context, we have started to develop our own ethical guidance to enable swift digitalisation at Swiss Re, while at the same time ensuring that we maintain customers' trust, differentiate our services and safeguard our reputation as a leading re/insurer.

Various regulators around the world have started to evaluate the need for regulations on the topic of big data/digital ethics or have issued initial guidelines. Swiss Re actively engages in discussions with regulators by participating in regulatory expert groups, contributing to studies and reports, as well as giving feedback to consultations and responding to regulatory questionnaires.

Swiss Re's internal governance also recognises that while technology offers many business opportunities, it also creates new risks. Digital governance requirements are increasing in both

number and complexity. However, fragmentation and, as a result, partially uncoordinated governance approaches make it difficult for owners of digital services to navigate these requirements.

To avoid Swiss Re having to choose between fast and compliant tech innovation, we have developed our Digital Governance Framework (DGF). It aims to balance the needs for fast business innovation and effective risk management. Designed to be comprehensive, risk-based and user-friendly, it makes requirements transparent and positions governance as a fundamental pillar of digitalisation.

The DGF is Swiss Re's one-stop solution that calibrates all relevant risk assessments and regulatory requirement checks related to data, technology and security to ensure a well-defined risk mitigation plan for trustworthy and sustainable digital services. It ensures adherence to internal policies for the compliant and fair use of data, the compatibility between existing IT architecture and new technologies and the security of digital services developed in-house or offered by third parties.

Moreover, Swiss Re is working with the Monetary Authority of Singapore (MAS) and other financial industry partners to create a framework for financial institutions to promote the responsible adoption of Artificial Intelligence and Data Analytics (AIDA). This framework, known as Veritas, will enable financial institutions to evaluate their AIDA-driven solutions against the principles of fairness, ethics, accountability and transparency (FEAT) that MAS co-created with the financial industry in 2018. Since fairness is a key consideration in underwriting for re/insurers, Swiss Re is working through the Veritas consortium to focus on enhancing the fairness assessment methodology applicable to predictive underwriting for life and health insurance products.

The European Insurance and Occupational Pension Authority (EIOPA) has appointed a Swiss Re representative to its consultative expert group for digital ethics and to chair the workstream on fairness and non-discrimination. The outcomes of this work are expected to be published later in 2021.

Within the broader Framework, 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 also established.

We contribute thought leadership on data protection by conducting expert sessions during insurance industry events and by hosting events through Swiss Re Institute. In 2020, we hosted a Data Protection Symposium in front of a 200-person virtual audience. This year's symposium looked toward the future of regulations including a new data ethics frontier, the need for technologies to build citizen trust into their design, digitalisation in insurance (including related new laws and trends), insights into data visualization and machine learning for actionable insights, and how behavioural economics plays a role in effective privacy policies.

Money laundering, international trade controls and economic sanctions (ITC)

The Code draws attention to the risk of becoming involved in money laundering and emphasises the importance of due diligence. It additionally commits us to adherence to all applicable international trade and economic sanctions to protect us against entering into prohibited business arrangements.

Our Global Frameworks on Anti-money Laundering and Sanctions are supported by a Global Policy on Financial Crime and Sanctions and set out in detail key requirements and guidance in relation to our sanctions, anti-money laundering and counterterrorism financing efforts, including the reporting of any suspicious activities.

Money laundering, international trade controls and economic sanctions (ITC)

[See website](#)

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.

Reporting misconduct, whistleblowing and investigations

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 suspected misconduct in good faith and has implemented processes to support reporting. In 2020, training and awareness campaigns were launched to help nurture a "speak up" culture. Training was provided to line managers to support them in handling misconduct allegations received from employees. An internal awareness campaign featuring real Swiss Re misconduct cases titled "#SpeakUp", was published to further employee understanding of the investigation process, encourage them to speak up if they suspect misconduct has occurred and remind them of all available reporting channels. A total of 87% of employees felt that if they thought misconduct had been or was being committed, they knew how to report it (ie whistleblowing).

Our Global Framework on Whistleblowing, which is supported by the Global Standard on Whistleblowing – updated in 2020 and available in seven languages – provides guidance on the kinds of misconduct that employees are encouraged to report, the available methods for reporting and how these reports are investigated. There are several channels (both internal and external) available for reporting alleged violations of the Code. For our employees, the options are described in the Code, the Global Standard on Whistleblowing, on our company intranet and on our externally hosted and independently operated whistleblowing hotline, which can be used anonymously (where legally permitted). Our whistleblowing hotline is also available to external reporters via our public website. The hotline includes translation services into numerous languages and is available worldwide.

All investigations of alleged Code violations involving an employee or an external contractor are handled by the Investigation Coordination Process (ICP). ICP, which is managed by the Compliance function, serves as a central coordination point across all Swiss Re offices globally that allows all investigations to be 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 the Group Executive Committee, the Group Board, the Group Audit Committee as well as with legal entity boards as part of reports. In 2020, ICP cases reflected the following indicators:

- 76 cases were investigated by ICP in 2020 and 68 were closed.
- Of the 68 cases closed in 2020, 69% were substantiated and 31% were not substantiated.
- The reporting intake methods for the ICP cases that were investigated in 2020 were: through internal channels, including reporting directly to Compliance, via line managers and via Human Resources (74%), from external sources (11%), the whistleblowing hotline (8%) and process detection (8%).
- The categories of ICP cases investigated in 2020 included external fraud (33%), discrimination and harassment (including bullying) (18%), internal fraud (9%), insider trading (including accidental trading within a close period) (16%) and various other Code violations (24%) – none of these other violations individually exceeded 5%.
- Of the 76 cases that were investigated, 33% were due to the actions of external actors and 67% were due to the actions of internal personnel.
- Disciplinary actions, including termination, written warnings, verbal warnings and performance rating adjustments, were taken in 22% 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 are 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 cases involving unintentional conduct, in lieu of disciplinary action, non-disciplinary recommendations will be made, such as additional training activities or increased supervision.
- In each case, regardless of the outcome, ICP ensures that any lessons learned from the investigation are communicated within the Compliance function as well as to any relevant stakeholders. In addition, 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 called Compliance and our Culture. 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 2020, the annual attestation process was launched for all permanent and temporary employees to acknowledge personal accountability for complying with specific requirements related to the Code and Global Compliance Policies and Standards. These include, for the avoidance of doubt, responsibility for personal conflict of interest and gift and hospitality register disclosures.

In addition, we deliver mandatory global eLearning sessions to employees to remind them as well as increase their understanding of our key compliance risks and policy requirements. Last year, global eLearning sessions were delivered on insider trading, fair competition, and anti-bribery and corruption. Over the period from 2017 to 2020, we also conducted global eLearning sessions on the following compliance risks:

- Fraud
- Anti-money laundering
- Data protection
- International trade controls and economic sanctions
- Conflicts of interest
- Licensing and permanent establishment
- Bribery and corruption
- Fair competition
- Insider trading

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 eLearning sessions 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. This process continues working effectively today. For 2020, 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.

Tax Transparency Report

Taxes are the lifeblood of our societies. In most countries, taxes are the largest source of government revenue and a substantial amount of that burden is met from taxes levied on business. Accordingly, we are committed to paying our fair share of taxes and being transparent about what we pay and where we pay it. We are guided by international tax standards and, as evidenced by our numbers, we do not use "Low or Nil" tax rate jurisdictions for the purpose of avoiding tax.

Furthermore, we are committed to being a leader in international tax transparency discussions.

Our Tax Transparency Report provides an overview of how we meet our tax responsibilities around the world. It describes our Tax Policy and provides an overview of our total taxes administered.

[See website](#)

Our policies

On some specific topics, we provide transparency by publishing full policies or statements on our website.

<p>Code of Conduct</p> <p>Read more</p>	<p>Corporate Governance Guidelines</p> <p>Read more</p>	<p>Data Protection and Privacy Compliance</p> <p>Read more</p>
<p>Policy Engagement</p> <p>Read more</p>	<p>Tax Policy</p> <p>Read more</p>	<p>Sustainable Business Risk Framework <small>(including policies on Human Rights and Environmental Protection)</small></p> <p>Read more</p>
<p>Approach to Responsible Investing</p> <p>Read more</p>	<p>Overview of Swiss Re Asset Management's Voting and Engagement Approach</p> <p>Read more</p>	<p>Own the Way You Work™</p> <p>Read more</p>
<p>Modern Slavery Act Transparency Statement</p> <p>Read more</p>		