2014 Corporate Responsibility Report

Enabling sustainable progress

More information online:
reports.swissre.com/corporate-responsibility-report/2014/

Cover
In large parts of Bangladesh, life revolves around water. But because the country receives water from a drainage area 12 times its own size, it suffers from periodic flooding. Teaming up with several partners, we helped to develop a programme that protects some vulnerable communities against the consequences of a flood. You can read about this and other solutions supporting sustainable progress on pages 14–21.

Contents

The 2014 Corporate Responsibility Report sets out our commitment as a responsible company and describes the actions we have taken in 2014 to put this commitment into practice.

Executive statement

Dear stakeholders

It is our pleasure to present to you our 2014 Corporate Responsibility Report. In this publication, we describe how we contribute to sustainable progress and what we achieved during 2014. As in previous years, our Report doubles as our disclosure document for two voluntary commitments we have made to the United Nations: the UN Global Compact and the UNEP FI Principles for Sustainable Insurance (PSI). We remain committed to both initiatives and will continue to play an active role in the PSI.

Our strategic priorities have largely stayed the same in recent years. By building on our earlier work, we made some notable achievements and launched important new initiatives in 2014. Incidentally, we believe that this focus on continuous improvement is a key reason why we regained the sector leadership in the Dow Jones Sustainability Indices. It is a distinction we are proud of, because it shows that our stakeholders appreciate how we live our commitment as a responsible company.

Below, we would like to summarise some of last year's highlights:

In our core re/insurance business, we continued to create innovative solutions that help our clients and society at large to tackle major sustainability-related risks. Natural catastrophes and climate change, volatile weather, renewable energy and funding longer lives remained our focus areas. Across these risks, we have continued to place special emphasis on giving vulnerable communities in emerging and developing countries better access to insurance protection.

Reflecting this goal, we have recently made two significant commitments. In 2012, we pledged to the Grow Africa Partnership that we would help insure up to 1.4 million smallholder farmers against bad weather that may threaten their crops and thus their livelihoods. We are happy to report that, at the end of 2014, a total of two million farmers were newly insured thanks to innovative index-based products. Last year, we signed a second commitment, this time to the United Nations: addressing its Climate Summit in New York, we announced that we would advise 50 sovereigns and sub-sovereigns by 2020, offering them up to USD 10 billion of re/insurance protection.

Through our solutions we expand insurance protection; in our risk management, however, our focus is on detecting and addressing risks that we feel we should not insure for ethical reasons or that may pose a challenge to our business. We have specific tools to address sustainability, political, regulatory and emerging risks. In 2014, our underwriting teams referred a total of 454 transactions to our Sensitive Business Risks process, up from 210 in the previous year. This marked increase was due to our expanding business in high growth markets and our ongoing training efforts. All of the transactions were carefully screened by our in-house sustainability experts; in 43 cases we decided to abstain from the transaction.

Many of the large-scale risks facing society today are complex, and finding viable responses to them requires cooperation between various partners. This is why we place a strong focus on open, constructive dialogue.

Walter B. Kielholz

Michel M. Liès

Guided by our five Top Topics, we continued to engage with our partners and share our risk expertise in many ways during 2014, including several new publications. Our own conference facility, the Centre for Global Dialogue near Zurich, organised events on a range of different risk topics. For example, a two-day conference put the spotlight on the gradual advent of autonomous cars, which are going to pose a major challenge to established insurance practices and require new solutions.

As a typical knowledge company, we do not cause large environmental impacts. Yet, we firmly believe it is essential for any responsible company to minimise its footprint, thus leading by example. Given the strategic relevance of climate change for our business, our CO_2 emissions and energy consumption remained top priorities. After launching new seven-year cycles of our pioneering Greenhouse Neutral Programme and CO_{you2} Programme in 2013, both continued seamlessly last year. We also launched the RE100 initiative as one of its founding members: in a joint effort with several other large companies, we want to encourage better supplies of renewable energy in some key emerging markets, so we can cover 100% of our energy requirements from renewable sources by 2020.

None of these initiatives and achievements would have been possible without our committed and skilful workforce. Remaining successful in today's fast-moving marketplace and at the same time making a substantial contribution to sustainable progress can be challenging. We are fully aware of this and would like to thank all our employees for the great work they achieved for Swiss Re in 2014.

The Swiss Re Foundation in 2014 – Heading for resilience
This separate report describes in detail how the Swiss Re Foundation helps communities to build resilience to risk.

THE GLOBAL COMPACT
WE SUPPORT

ROBECOSAM
Sustainability Award
Industry Leader 2015

Zurich, June 2015

Walter B. Kielholz
Chairman of the Board of Directors

Michel M. Liès
Group Chief Executive Officer

Who we are and what we do

Swiss Re aims to be the leading player in the wholesale re/insurance industry. We seek to outperform peers in core areas, combined with smart expansion into areas where additional growth opportunities exist.

Swiss Re at a glance

Swiss Re is a leader in wholesale reinsurance, insurance and risk transfer solutions. Our clients include insurance companies, corporations, the public sector and policyholders.

Our corporate structure with three Business Units allows us to sharpen our client focus, improve transparency and accountability, increase capital efficiency and operate with greater flexibility.

At Swiss Re we are working smarter together with our clients. That means working side by side, forming a deep understanding of their needs, applying our expertise and bringing fresh perspectives to manage risk in better ways.

Headquartered in Zurich, Switzerland, Swiss Re has operations across the globe. At the end of 2014, we had 71 offices in more than 30 countries. Based on "net premiums earned and fee income from policyholders", our ten biggest markets in 2014 were: the United States, the United Kingdom, China, Australia, Germany, Canada, Japan, France, Ireland and Switzerland. They accounted for 79% of the Group's total business over the year.

Swiss Re Ltd, the Group's holding company, is a joint stock company, listed in accordance with the Main Standard on the SIX Swiss Exchange, domiciled in Zurich, and organised under the laws of Switzerland. No other Group companies have shares listed.

For more information see
swissre.com/about_us/

Our global presence

	Europe (including Middle East and Africa)
Net premiums earned and fee income in 2014 (USD billions)	11.3 (USD 11.3 billion in 2013)
Number of offices as of 31 December 2014	24* (22 in 2013)
Number of employees (regular staff) as of 31 December 2014	7 457 (7 324 in 2013)

* Counting all Zurich premises as one office

Americas	Asia-Pacific	Total
12.2 (USD 11.5 billion in 2013)	7.8 (USD 6.0 billion in 2013)	31.3 (USD 28.8 billion in 2013)
36 (34 in 2013)	11 (11 in 2013)	71 (67 in 2013)
3 300 (2 955 in 2013)	1467 (1 295 in 2013)	12 224 (11 574 in 2013)

The Swiss Re Group

Reinsurance

Reinsurance is Swiss Re's largest business in terms of income and the foundation of our strength, providing about 85% of gross premiums and fee income through two segments – Property & Casualty and Life & Health. The unit aims to extend Swiss Re's industry-leading position with disciplined underwriting, prudent portfolio management and diligent client service.

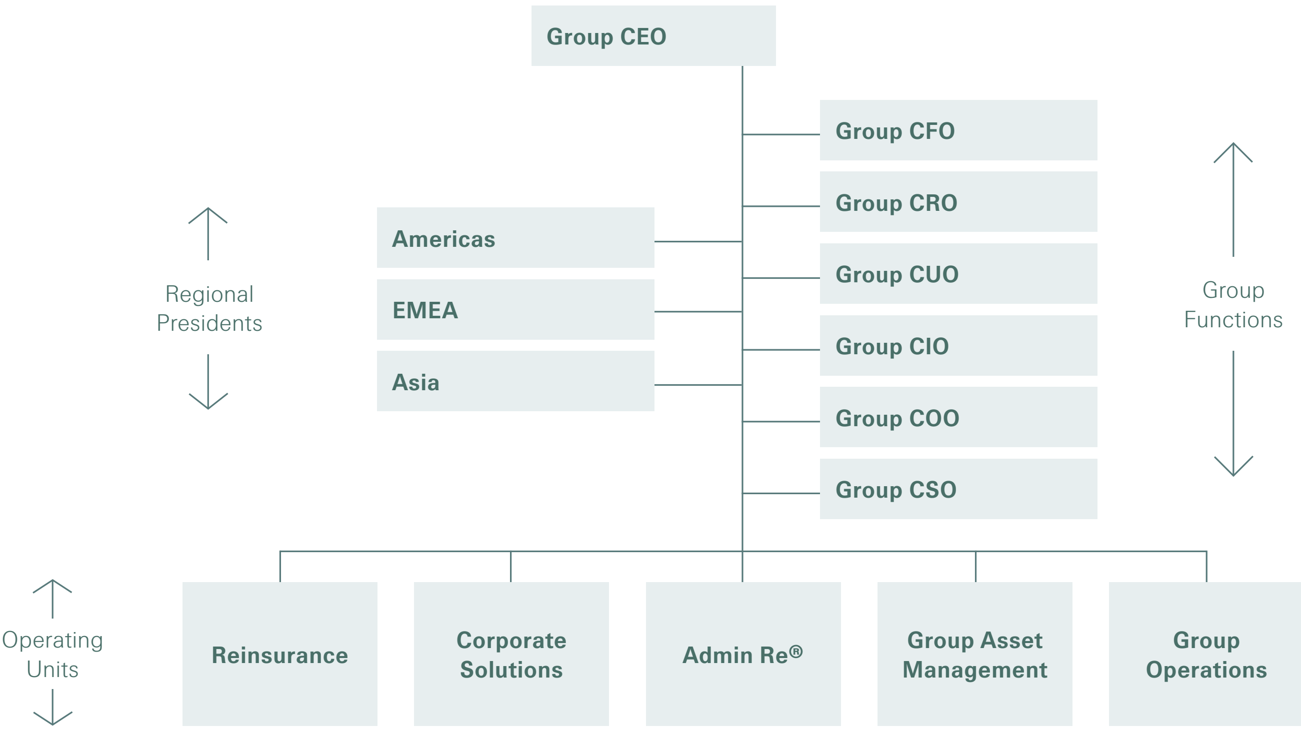
Corporate Solutions

Corporate Solutions serves mid-sized and large corporations, with product offerings ranging from traditional property and casualty insurance to highly customised solutions. Corporate Solutions serves customers from over 40 offices worldwide and is a growth engine of the Swiss Re Group.

Admin Re®

Admin Re® provides risk and capital management solutions by which Swiss Re acquires closed books of in-force life and health insurance business, entire lines of business, or the entire capital stock of life insurance companies. Admin Re® solutions help clients free up capital to redeploy to new business opportunities while reducing administrative burdens.

Operational Group structure



How we operate

Swiss Re is a knowledge company. We apply that knowledge to help clients, shareholders and society.

In simplified terms, our business model works as follows:

We provide tailor-made solutions through traditional reinsurance or insurance-based capital market instruments. At the core of our expertise is the **costing, pricing and diversification** of non-life and life risks.

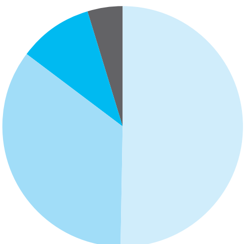
Against **upfront premium payments,** our solutions enable our **clients** to reduce peak risks, reduce earnings volatility, free up capital and finance growth, and achieve capital management targets for solvency and ratings.

We invest assets long-term until money is needed, applying asset-liability matching techniques to align the duration and currency of invested assets to the duration and currency of our insurance liabilities, ensuring that we deliver on our promises to our clients.

We **compensate for our clients' losses,** using effective claims management procedures that are based on industry best practice, providing speed of payment when clients need us most.

Key financial data

Net earned premiums and fee income by Business Unit
(Total: USD 31.3 billion)



The table below provides an overview of some of the Swiss Re Group's key financial data:

USD millions unless otherwise stated	2013	2014
Total assets	213 520	**204 461**
Total investments	150 075	**143 987**
Total liabilities	180 543	**168 420**
Total debt [1]	18 540	**14 316**
Shareholders' equity	32 952	**35 930**
Retained earnings	30 766	**34 257**
Total revenues	36 902	**37 347**
Premiums earned and fee income	28 818	**31 262**
Net investment income – non-participating [2]	3 947	**4 103**
Net investment result – unit-linked and with-profit	3 347	**1 381**
Total expenses	32 077	**33 120**
Claims and claim adjustment expenses	9 655	**10 577**
Life and health benefits	9 581	**10 611**
Income tax expense	312	**658**
Current taxes	641	**1 072**
Deferred taxes	–329	**–414**
Net income [3]	4 444	**3 500**
Earnings per share in CHF (basic)	12.04	**9.33**
Dividends paid to shareholders	2 760	**3 129**
Return on equity in %	13.7	**10.5**

1 Total debt expressed as total carrying value
2 Excluding unit-linked and with-profit business
3 Net income attributable to common shareholders

Our approach to corporate responsibility

We are committed to being a responsible company. Contributing to sustainable, long-term value creation serves as a guiding principle for our actions.

Swiss Re has a long-standing commitment to being a responsible company. A key element in our understanding of what this means is the desire to contribute to sustainable value creation, for the benefit of our clients and society at large. This long-term view is embedded in Swiss Re's normative framework and governance, in particular the Group Code of Conduct. It is one of the principles that form the foundation of our values:

- Being open, honest and transparent in everything we do;
- Treating everyone with respect – both inside and outside the company;
- Taking the long-term view and playing our part in enabling sustainable progress – for stakeholders and society in general;
- Creating an inclusive culture that encourages diversity of thought and opinion.

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

For more information see
swissre.com/corporate_responsibility/

Our understanding of materiality

A key question for any company that seeks to take a long-term view and enable sustainable progress is what this means in the context of its own business and industry: which of its activities and which topics are "material" to achieving this goal?

We first began to address a specific sustainability issue more than 20 years ago when we drew attention to the potential risks created by climate change. Our first effort to disclose sustainability-related information dates back to 1999, when we published a Corporate Environmental Report covering the business year of 1998.

Our overarching commitment
Reflecting this long-standing engagement for sustainable progress, our understanding of "materiality" has developed gradually over time. Our Sustainability Mission Statement, issued together with our initial reports, was the first document to make a public statement; it sought to emphasise the comprehensive nature of our commitment to long-term value creation and listed the areas of our business we considered relevant to this goal.

Over the years, we gradually developed a broader understanding of "corporate responsibility", though still based on the key notions of long-term value creation and sustainable progress. Reflecting this, we updated our overarching statement and reissued it as our Commitment to Corporate Responsibility: It continues to express our overarching commitment and describes, in general terms, what goals we pursue in which areas of our business.

Our Commitment to Corporate Responsibility

General commitment
"Corporate responsibility" expresses Swiss Re's commitment to being an open, honest and transparent organisation that treats all its stakeholders – employees, shareholders, clients, government agencies and the general public – with respect and integrity. In particular, we aim to take a long-term view and to play our part in enabling sustainable progress.

Sustainability as a guiding principle
Sustainable progress – or sustainability – can be described as development that meets the needs of the present without compromising the ability of future generations to meet their needs. To be sustainable, progress must improve economic efficiency, protect and restore ecological systems, and enhance social wellbeing. In all our main activities aimed at implementing corporate responsibility, the principle of sustainability is a key criterion:

- **Business solutions**
  Within our core business of re/insurance and asset management, we strive to develop innovative solutions that help to tackle key environmental and social challenges. To achieve this, we work together with our clients and partners, both in the private and public sectors.

- **Risk intelligence**
  We develop and apply tailor-made tools to extend the scope of our risk management. This enables us to identify and appropriately address sustainability-related and emerging risks in our core business.

- **Stakeholder dialogue**
  Through regular dialogue with our clients and other stakeholders, we help to develop effective responses to sustainability and other key issues, by raising awareness of both the risks and the opportunities arising from them.

- **Our footprint**
  We apply best-practice standards of resource management to our properties and logistic operations as well as guidelines to our sourcing activities. In doing so, we continually reduce Swiss Re's direct environmental impact.

- **Active in society**
  Playing an active role in society beyond our core business is important to us. Globally, we empower vulnerable communities to become more resilient to risk and, where we have offices, we encourage volunteering activities and support local institutions.

- **Our employees**
  We want to provide our employees with a working environment conducive to their professional and personal development. We nurture a culture of diversity and inclusion across the company, offer excellent training possibilities, and provide a range of health and other benefits.

2014 Financial Report
This includes a "corporate responsibility" section focusing on the link to financial performance **(on pages 108–119).**

Materiality has been a key topic in recent discussions about corporate responsibility reporting. It is our impression, however, that not everyone understands this term in the same way. Some stakeholders define materiality as all of a company's actions that impact the environment and society; others narrow down materiality to those aspects that have a tangible link to a company's financial performance.

These two notions of materiality lead to significant differences in reporting focus and scope. This is why we have started to provide an extended chapter on corporate responsibility in our Financial Report that focuses on actions with a strong link to our financial performance.

How we determine key sustainability issues
Our Commitment to Corporate Responsibility is what it says: It expresses our overarching commitment to long-term value creation and our general goals in this respect. It does not, however, specify the specific issues we consider material because these may evolve and change over time.

To determine these material issues, we continuously harness the deep understanding of re/insurance markets and the risk expertise that are embedded in our company. In many areas of our business, we have special teams, functions and processes to identify and address issues relevant to sustainable development. Using this embedded know-how means that we employ a decentralised approach to identify material issues.

In our core re/insurance business, we have special units, such as our Global Partnerships function in the Group or the Environmental & Commodity Markets department in our Corporate Solutions Business Unit, that identify underinsured markets and risks, and seek to expand re/insurance protection through commercially viable solutions. (See special section on pages 66–67.)

In our risk management, the challenge is to identify sustainability risks we feel we should not re/insure for ethical reasons, and other risks that may pose a challenge to our own business. We conduct this analysis through our Sustainability Risk Framework and other tailor-made risk management tools.

The expertise embedded in our core business and the issues we identify in this way directly influence the priorities of our stakeholder dialogue, our internal environmental management and our commitment to play an active role in society through the Swiss Re Foundation.

You can find a full list of material issues for all the relevant areas of our business on page 13.


A time-lapse view of Hurricane Andrew travelling towards the Gulf of Mexico. Natural catastrophes and the impact of climate change remain key topics for us and our partners.

Climate change

For a reinsurer, climate change constitutes a key risk because it will lead to an increase in the frequency and severity of natural catastrophes such as floods, storms, excessive rainfall and drought. In combination with growing asset concentrations in exposed areas and more widespread insurance protection, this will cause a steady rise in losses.

Since detecting the long-term threat posed by climate change more than 20 years ago, we have been an acknowledged thought leader on the topic. To tackle the issue, we pursue a comprehensive strategy with four pillars. This is described in the box on the right, together with the strongest business impacts of climate change.

The four pillars of our climate change strategy

- Advancing our knowledge and understanding of climate change risks, quantifying and integrating them into our risk management and underwriting frameworks where relevant;
- Developing products and services to mitigate or adapt to climate risk;
- Raising awareness about climate change risks through dialogue with clients, employees and the public, and advocating a worldwide policy framework for climate change;
- Tackling our own carbon footprint and ensuring transparent, annual emissions reporting.

The main business impacts of climate change

- We need to understand how climate change affects natural catastrophe risks so we can price our covers accurately;

→ See pages 14–15

- Efforts to mitigate climate change create opportunities to offer insurance protection for renewable energy projects;

→ See pages 20–21

- Efforts to adapt to climate change create opportunities to develop innovative products offering protection against natural catastrophes;

→ See pages 15–19 and 66–67

- Regulatory responses to climate change may bring new reporting requirements we need to be aware of.

→ See page 27

Governance and management responsibility

At Swiss Re's highest governance level, the task of overseeing implementation of our commitment to corporate responsibility has been assigned to a committee of the Board of Directors: It is one of the responsibilities of the Chairman's and Governance Committee to periodically review the Group's sustainability and citizenship activities.

On an operational level, various divisions, departments and units are involved in implementing Swiss Re's commitment to corporate responsibility in daily business. The Sustainability & Political Risk Management unit also carries out certain coordination tasks and is responsible for producing the Group's Corporate Responsibility Report.

Disclosure and accountability

We have voluntarily reported on our performance as a responsible company since 1998. Over the years, the range of topics covered in these yearly reports has gradually widened. While early editions had a strong focus on environmental concerns, later editions gradually extended their focus to social and governance issues. Since 2007, we have published a comprehensive Corporate Responsibility Report, guided by best practice in corporate responsibility reporting.

Content definition
The structure of the present report reflects our Commitment to Corporate Responsibility: each business area specified as relevant there is covered by an individual chapter – with one exception: Our role as an active citizen in society is described in a separate report published by the Swiss Re Foundation (see page 65). Thus, the report includes the following five main chapters:

- Creating solutions for sustainability
- Extending our risk intelligence
- Exploring and shaping the risk landscape
- Reducing our environmental footprint
- Being an employer of choice

The content presented in these chapters reflects the material issues within the respective areas, as listed on page 13.

An additional chapter highlights some key features of Swiss Re's corporate governance regime, including the Group Code of Conduct:

- Ensuring good governance

In our 2011 Corporate Responsibility Report we first included special sections in addition to the core chapters: Under the heading of "Corporate responsibility in context", they provide some background information on important sustainability topics. In this year's edition we present one such section:

- Corporate responsibility in context: Expanding re/insurance protection

Scope
Our Corporate Responsibility Report covers the whole Swiss Re Group, ie the publicly listed holding company Swiss Re Ltd., its three Business Units Reinsurance, Corporate Solutions and Admin Re®, and all directly or indirectly held subsidiaries. As in past years, its scope is limited to Swiss Re's own operations. Although we provide information on our sourcing and procurement policies, we do not report on the performance of our suppliers because the re/insurance business does not involve an extensive supply chain. However, since 2013, we have been disclosing some of the emissions caused along our supply chain (Scope 3 emissions).

To get a complete overview of our actions as a responsible company, this report should be read in conjunction with the annual report published by the Swiss Re Foundation (see page 65).

Independent assurance
This is the second year that the five main chapters of the report have received independent assurance from PricewaterhouseCoopers. Their assurance statement is included on pages 70–71.

Reporting frameworks
Insofar as is applicable to a business-to-business company in financial services, this report takes into account the G3.1 Sustainability Reporting Guidelines of the Global Reporting Initiative, GRI (www.globalreporting.org). The detailed GRI Content Index is included on pages 75–77.

Furthermore, the present report incorporates our 2014 Communication on Progress for the UN Global Compact (www.unglobalcompact.org). In line with the United Nations' recommendations, references to the Compact's ten principles are incorporated into the GRI Content Index. For the third consecutive year, we also report against the Principles for Sustainable Insurance, PSI (www.unepfi.org/psi). You can find our Public Disclosure of Progress on page 74.

The present report follows the 2013 edition and covers the calendar year of 2014. We plan to maintain our annual publishing cycle and to present our next Corporate Responsibility Report in the second quarter of 2016, covering the year of 2015.

Overview of all material issues

Business solutions
Our efforts to support sustainable progress by expanding re/insurance protection focus on the following themes:
- Natural catastrophes and climate change
- Renewable energy, especially offshore wind
- Agricultural risks
- Longevity
- Insurance in emerging and developing countries

Risk intelligence
When trying to identify sustainability risks we may want to avoid in our re/insurance transactions and investments, we pay special attention to the following eight sectors or issues:
- Animal testing
- Dams
- Defence industry
- Forestry and logging
- Human rights and environmental protection
- Mining
- Nuclear weapons proliferation
- Oil and gas

Stakeholder dialogue
Our dialogue with stakeholders, which aims to form effective responses to key risks facing society, currently revolves around five Top Topics closely linked to our core business:
- Advancing sustainable energy solutions
- Funding longer lives
- Managing climate and natural disaster risk
- Partnering for food security
- Supporting financial stability

Our footprint
Given the strategic importance of climate change for our business, our priority is to reduce CO_2 emissions and energy consumption; furthermore, we apply Group-wide principles to our sourcing activities:
- CO_2 emissions
- Energy consumption
- Sourcing

Active in society
The Swiss Re Foundation seeks to empower communities to build risk resilience by using the expertise from our core business and by focusing on these areas:
- Climate change
- Natural hazards
- Water
- Society

Our employees
As a typical knowledge company, we have identified four topics that are both beneficial to our employees and have a tangible link to our longer-term performance:
- Diversity and inclusion
- Development and training
- Employee relations
- Compensation and benefits

Creating solutions for sustainability

Our re/insurance solutions help to address key environmental and social challenges. We focus on natural catastrophes and climate change, food security, renewable energy, funding longer lives, and insurance cover in emerging and developing countries.

USD 2.9 bn

Natural catastrophe premiums in our P&C Reinsurance business
(USD 2.75 billion in 2013)

For more information see
swissre.com/global_partnerships/

For more information see
swissre.com/rethinking/climate_and_natural_disaster_risk/

By managing risks and covering losses, re/insurance creates stability and enables economic growth. However, some environmental and social challenges can undermine sustainable progress if left unaddressed. Helping our clients and society at large to tackle such risks is a key component of our commitment as a responsible company.

Currently, we focus on the following themes: climate and natural disaster risks, agricultural risks, sustainable energy, and funding longer lives. We develop our solutions as part of our established risk modelling and underwriting activities or by creating innovative new products, in close cooperation with our clients and partners.

Thus, our solutions frequently include:
- Public-sector partners: Besides direct insurers and corporate clients, we develop risk transfer solutions for, and in cooperation with, governments and various public-sector organisations;
- Index-based insurance products: We are a pioneer in creating innovative insurance solutions that use an index to determine payments;
- Insurance-linked securities (ILS) or cat bonds: We are a leading developer of these products, which enable large risks to be transferred to the capital markets.

An overarching goal is to create solutions that suit the special needs of emerging and developing countries: If governments and communities have financial protection against risks such as windstorms, earthquakes, drought and flooding, they can better cope with the immediate consequences of a disaster.

But, just as importantly, re/insurance protection safeguards investments, allows governments to stabilise budgets and gives people the financial stability required to get loans. In this way, our solutions help to create the conditions for sustained social and economic development.

Natural catastrophes and climate change

Natural catastrophes are a key risk in our Property & Casualty (P&C) business. Losses from floods, storms, earthquakes and other natural catastrophes can affect millions of lives and the economies of entire countries. Therefore, providing effective re/insurance protection against natural catastrophes has large social and economic benefits. In 2014, we received USD 2.9 billion of P&C Reinsurance premiums for natural catastrophe covers (for losses larger than USD 20 million); this accounted for approximately 19% of total premiums in this business segment.

Insured natural catastrophe losses are becoming more frequent and severe globally due to the increasing use of insurance and the concentration of insured assets in exposed areas. The effects of climate change are likely to further drive up losses. According to the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) and its Special Report on Extremes (SREX), a changing climate gradually leads to shifts in the frequency, intensity, spatial extent, duration and timing of extreme weather events. As we have pointed out in our *sigma* publication on "Natural catastrophes and man-made disasters in 2014", annual insured losses from weather-related events have increased ten-fold over the last 40 years, from USD 5 billion in the 1970s to USD 50 billion.

We need to understand natural catastrophe risks and the impact of climate change to assess our P&C business accurately and to structure sound risk transfer solutions. To achieve this, we invest in proprietary, state-of-the-art natural catastrophe models and collaborate with universities and scientific institutions. This enables us to stay abreast of the latest knowledge on the economic impact of natural disasters, including the effects of climate change.

While the impact of climate change will manifest itself over the coming decades, most of our business is renewed annually and our risk models are refined every few years. Risks are essentially covered for 12 months, or for up to five years in the case of cat bonds. Thus, reinsurance premiums do not reflect expected loss trends over the next decades. Instead, for underwriting and risk management purposes, our models provide an estimate of today's risk. However, as natural catastrophe losses continue to rise due to the different factors described above, our models will gradually reflect this trend, as they are updated at regular intervals.

In addition to providing re/insurance covers, we offer our clients strategic expertise and integral risk assessments of natural disasters and climate adaptation. These include our expertise publications, free access to Swiss Re's CatNet® and our Economics of Climate Adaptation (ECA) studies.

Economics of Climate Adaptation (ECA)
With a time horizon of 2030, the ECA methodology enables decision makers to understand the future economic impact of climate change and to identify the most cost-effective actions to minimise that impact. This makes it possible to integrate adaptation to climate change with economic development and sustainable growth.

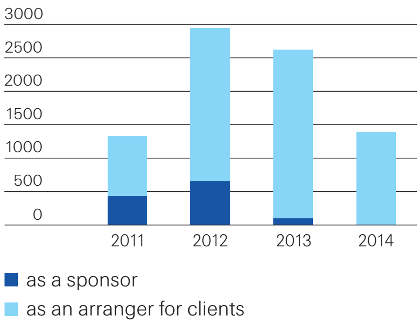
Insurance-linked securities

We are a leading player in the insurance-linked securities (ILS) sector. ILS are capital market instruments, typically in bond or derivative format, designed to meet the risk or capital management needs of a transaction sponsor. In exchange for a coupon or premium payment, the sponsor receives single or multi-year collateralised protection for specified risk events. If such an event occurs, the sponsor receives all or part of the principal; otherwise this is paid back to the investors in full at maturity.

Insurance-linked securities are particularly well-suited to provide protection against peak risks – events that happen infrequently but tend to lead to high losses, for example earthquakes or windstorms. ILS are used for both risk and capital management purposes in the P&C and the L&H business. For reinsurers they are attractive because they free up scarce capital; for insurers and corporate clients they provide multi-year collateralised protection; and for investors they offer attractive diversification possibilities, as they are relatively uncorrelated with other asset classes.

In 2014, our registered broker-dealer subsidiaries underwrote and distributed to institutional investors non-life ILS worth USD 1.4 billion, all of them for clients.

Non-life ILS underwritten by Swiss Re
USD millions



For more information see
swissre.com/investors/ils/

Strengthening risk resilience: highlights of 2014

On the next four pages, we describe key transactions and initiatives we were involved in during 2014. All of them help our clients to cope with natural disasters, climate change and volatile weather. Making communities more resilient to these risks enables them to stabilise economic and social progress.

Improving resilience to natural disasters in China
We made an important contribution to the development of natural catastrophe insurance markets in China. At present, insurance protection against natural catastrophes is very low in China: It is estimated that payouts usually cover less than 1% of economic losses, so there is an urgent need to improve resilience to disasters such as earthquakes and windstorms.

In a review of the insurance industry, the State Council recently issued a mandate to formulate and promote natural catastrophe schemes, which has sparked a lot of interest at both central and provincial levels. We have worked with the China Development Forum to produce a report on "Parametric Insurance and Reform of Natural Disaster Relief System in China", which was discussed with high-level officials, and we are now involved in setting up major pilots in two provinces. These schemes are being designed to provide contingency funding for disaster relief and reconstruction efforts based on parametric triggers.

Payout to Tonga after Tropical Cyclone Ian
Like its neighbours in the Pacific Islands, Tonga is highly exposed to natural disasters: in fact, the whole region is one of the most vulnerable in the world. These recurring disasters not only cause widespread destruction, they also put a huge financial strain on the islands' governments and hamper economic development.

In view of this, Tonga decided to join the Pacific Catastrophe Risk Insurance Pilot, along with five other Pacific nations: the Marshall Islands, Samoa, the Solomon Islands, Vanuatu and – a little later – the Cook Islands. Arranged by the World Bank and launched in 2013, the pilot offers the governments of these six countries insurance protection against earthquakes, tsunamis and tropical cyclones, using a state-of-the-art "modelled loss" approach which quickly approximates the damage caused by a natural disaster. We cover the insurance plan jointly with other insurers and have also given technical feedback.

When the category 5 Tropical Cyclone Ian hit Tonga in early 2014, it caused widespread destruction, killing one person, displacing thousands and destroying vital infrastructure such as health centres and schools. In some parts of the Ha'apai island group, up to 75% of the buildings were damaged. The intensity of the cyclone meant that a payout was triggered, thus quickly providing funds to the government for emergency and reconstruction measures.

Despite their idyllic setting, the Pacific Islands are highly vulnerable to natural catastrophes. We have helped to set up a pilot programme that gives six governments in the region quick access to emergency and reconstruction funds in the event of a disaster.

First payout to flood victims in Bangladesh
In 2013, we worked with several partners from the public and the private sector to develop a pioneering scheme in Bangladesh that offers insurance protection against flood damage to NGOs and other organisations so they can provide support to vulnerable low income households. Bangladesh is particularly vulnerable to periodic flooding, because it receives water from a drainage area 12 times its own size. This has had devastating consequences for the the country's development and has been one of the main reasons for its widespread and persistent poverty.

The programme insures 1 660 families in 14 villages located in the Char areas of the Sirajganj district. When the floods of August and September 2014 hit the region and caused massive damage in several villages, the programme was triggered for the first time. More than 700 families received a total of USD 25 000 in compensation, which enabled them to start rebuilding their lives and avoid desperate emergency measures.

By using an index-based solution, the programme has managed to meet two challenges at the same time. Building a fully-fledged flood hazard model would have been time-consuming and expensive, because there were no flood loss data for the area. Instead, the Bangladesh-based Institute of Water Modelling (IWM) built a simple model based on flood water level/depth and flood duration. This automatically triggers the payment of an insurance benefit and determines the households that are eligible for the payment, ensuring they receive compensation quickly.

We support the programme by reinsuring the risks and by offering product structuring support, pricing and underwriting.

Hydropower insurance for Uruguay
Hydropower causes very few CO_2 emissions in production; but as with other renewable energy sources, its actual output depends on the prevailing weather conditions. Uruguay generates a substantial amount of energy through hydroelectric plants that largely rely on rainfall. The risk of lower-than-usual rainfall has become an increasing burden to the Uruguayan government: For instance, in 2012 hydropower production slumped because of a prolonged drought, making it necessary for the government to buy costly electricity produced from fossil fuels as a substitute. Not only was this bad for the climate, it also pushed the government into a budget deficit.

In 2014, we assumed a portion of risk in a USD 450 million weather coverage bought by the Uruguayan government with the assistance of the World Bank Treasury, which helps to reduce this financial risk. In future, if the government needs to import electricity because of drought and a subsequent fall in energy generation, it will automatically receive compensation. The payout amount will be determined by rainfall data and oil prices, thus covering the double risk of drought conditions and an increase in energy prices.

By removing a major source of budget uncertainty, this landmark transaction will support continued investment in climate-friendly hydropower generation.

Rainfall protection in the Caribbean
Our innovative risk transfer instruments protect a number of Caribbean countries from the impact of tropical cyclones and earthquakes through the Caribbean Catastrophe Risk Insurance Facility (CCRIF). We stepped up that protection for eight countries in August 2014, extending insurance cover to extreme rainfall. We developed this innovative product with the CCRIF at the request of several Caribbean governments. It estimates the impact of heavy rain using satellite data so that payouts can be made quickly without time-consuming damage and loss assessments.

The governments protected by the new policy – Anguilla, Barbados, Dominica, Grenada, Haiti, Saint Lucia, St. Kitts & Nevis and St. Vincent & the Grenadines – did not have to wait long for payouts. The first payment was made to Anguilla on 27 October 2014 after flooding caused by Hurricane Gonzalo just two weeks earlier. Some of the funds will be used to make the island more resistant to future flooding. The largest payment in 2014 was made to Barbados, which received USD 1.3 million in December, less than three weeks after the heavy rains on 21 and 22 November. The four payments on the new product totalled USD 3.4 million in 2014.

African Risk Capacity
Drought is a recurring threat across Sub-Saharan Africa: since 1980 there have been over 200 drought events. About two thirds of the area's population work in agriculture, 80% as smallholder farmers. This means millions of people not only depend on farming for their food, but also for their incomes and livelihoods. A drought can thus have devastating consequences. In addition to the human suffering caused by famine, the costs of aid relief and a fall in revenues can wipe out years of development gains.

This is why we supported the launch of the African Risk Capacity, ARC (africanriskcapacity.org). Set up by the African Union and drawing support from the public and private sectors, ARC is the continent's first natural disaster insurance pool. In the inaugural 2014/2015 risk pool, drought insurance of USD 129 million has been offered to four governments – Kenya, Mauritania, Niger and Senegal. Mozambique also participated in the pool originally, but withdrew later.

When there is too little rainfall in the countries protected by the scheme, ARC will estimate the adverse impact on local crop production and the resulting response costs, using an innovative software that combines satellite-based rainfall estimates with crop models and local vulnerability profiles. When the response costs exceed a pre-defined threshold, the affected countries receive a payout within a few weeks, provided that their implementation plans have been approved. This move from "post-disaster aid" to "pre-disaster risk management" allows governments to significantly reduce the cost of emergency contingency funds.

We support ARC as a major capacity provider and by contributing our expertise to make it a commercially attractive and affordable solution. ARC is only the third sovereign risk transfer pool worldwide, after the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Pacific Catastrophe Risk Insurance Pilot. We have played an instrumental role in both of these, too.

First weather index insurance programme in Nigeria

Another of our key achievements in 2014 was to help establish the first weather index insurance programme in Nigeria, Africa's most populous country and now its largest economy. Developed in partnership with impact investment firm Doreo Partners (www.doreopartners.com) and its agricultural franchise Babban Gona (www.babbangona.com), the programme protects smallholder farmers against the risk of adverse weather patterns. The weather index solution underlying it uses satellite data to determine whether there is a lack of rainfall and then pays out automatically.

Offering smallholder farmers effective insurance protection has huge social and economic benefits beyond protecting their livelihoods. Once farmers can show they have insurance, banks are much more willing to give them loans. This enables the farmers to invest in better seeds and fertilisers to increase yields. With a secure minimum income, they can then gradually accumulate savings, leave subsistence farming behind and escape poverty. By supporting programmes such as this one and the ARC, we help to develop the African insurance markets that facilitate sustained economic and social progress.

For more information see
swissre.com/rethinking/food_security/

In Sub-Saharan Africa, most people depend directly on farming for their food and income. Working with our partners in programmes such as the African Risk Capacity, we have recently helped to insure 2 million smallholder farmers against weather risks that may threaten their harvests.

Our commitment

...to the United Nations
Many of the innovative insurance transactions we have completed in recent years cover losses from natural catastrophes and weather volatility (eg drought or excessive rainfall). As climate change is expected to increase these risks, such transactions also help communities increase their climate resilience.

Building on the experience we have gained with these solutions, we made a significant commitment at the UN Climate Summit held in September 2014 in New York City. Personally addressing the government leaders present at the summit, our Group CEO Michel M. Liès made the following pledge: "By the year 2020, Swiss Re commits to having advised 50 sovereigns and sub-sovereigns on climate risk resilience and to having offered them USD 10 billion against this risk."

...to the Grow Africa Partnership
The African continent, especially Sub-Saharan Africa, is a focus area for our efforts to bring risk protection to underinsured communities. Most people in these countries are smallholder farmers and depend directly on agriculture for their livelihoods, yet have had little or no access to insurance protection so far. As a result, volatile weather and subsequent harvest failures can have devastating consequences for them.

To help find answers to this problem, we made an important commitment to the Grow Africa Partnership (www.growafrica.org) in 2012. This initiative was launched by a number of organisations to promote public-private collaboration and investment in African agriculture.

Our commitment to the Grow Africa Partnership includes the following three elements:

- Give farmers in Sub-Saharan Africa access to tools such as weather and yield index insurance products;
- Invest about USD 2 million per year in resources to support the development of sustainable agricultural risk management markets;
- Provide agricultural insurance for up to 1.4 million smallholder farmers.

To create effective insurance solutions, we work closely with several partners such as Oxfam America, the World Food Programme, USAID and the Global Index Insurance Facility. By the end of 2014, we helped to establish a total of 20 programmes that brought weather insurance to two million smallholder farmers in 12 Sub-Saharan countries – reaching our target ahead of schedule, and even exceeding it.

2 million

Smallholder farmers benefiting from the Grow Africa Partnership
(300 000 in 2013)

Offshore wind farms are an expanding source of clean energy. But because the technology is relatively new and projects are increasing in scale and complexity, they are challenging to insure. Swiss Re Corporate Solutions specialises in understanding these risks and helping our clients to manage them.

Sustainable energy solutions

Sustainable energy sources play a crucial role in reducing CO_2 emissions and securing future energy supplies. Given our strategic focus on climate change, we are keen to support energy generation from renewable sources. But as sustainable energy projects increase in scale and complexity, so do the risks associated with them. However, innovative risk transfer solutions can help reduce these risks and drive investment in the sector.

Offshore wind is considered one of the most promising renewable energy sources. But like renewable energy in general, it presents very complex risks. Unlike traditional lines, there is no long loss history to refer to. Underwriting such risks is therefore challenging from an insurance perspective.

Swiss Re Corporate Solutions takes a special interest in offshore wind as it has both the large capacity and the technical expertise to help manage the associated risks. We are continually enhancing our understanding of these risks and share our insights with our clients as well as other insurers.

Insurance cover for two offshore wind farms: Dudgeon…

In 2014, we were involved in a number of offshore wind transactions. One of them is the Dudgeon Offshore Wind Farm (www.dudgeonoffshorewind.co.uk), which will be constructed over the next three years on a site 32 km off the UK's Norfolk coast. As a lead underwriter, Swiss Re Corporate Solutions provides an "all risk" cover for the whole construction period as well as a "maintenance cover" for the first 24 months of the wind farm's operation. Norwegian company Statoil is one of the shareholders of the limited company that is developing the project, and will be the operator for both the construction and operational phases.

For more information see
swissre.com/rethinking/sustainable_energy/

The Dudgeon Offshore Wind Farm is planned to comprise 67 highly efficient turbines with a total capacity of 400 megawatts, sufficient to supply more than 410 000 UK homes with sustainable energy. When finished, its output will be transferred to the UK grid through a seabed cable of 38 km and an underground cable of 48 km.

... and Sandbank

In 2014, Swiss Re Corporate Solutions also signed an insurance cover for the Sandbank Offshore Wind Farm, which is situated 90 km west of the German island Sylt in the North Sea. The wind farm is being developed by a joint venture between Vattenfall and Stadtwerke München (SWM, Munich city utility). Swiss Re Corporate Solutions offers protection to the project for the entire construction phase, which is due to start in 2015.

Like the Dudgeon Offshore Wind Farm, Sandbank will use high-tech equipment to ensure efficient power generation. It will have an installed capacity of 288 megawatts and produce up to 1.4 TWh per year with 72 turbines, enough to power 400 000 homes. The power generated by Sandbank and two other wind farms nearby (DanTysk and Buitendiek) will be transmitted to a converter station currently being built, SylWin alpha. There, the power will be converted to direct current, which will help to reduce transmission losses over the 200 km long sea cable.

Life & Health insurance and funding longer lives

Life and health (L&H) insurance products play a crucial role in creating stability for individuals and society. They provide financial security in the event of death or illness, give access to medical treatment and offer dependable income in retirement. We help primary L&H insurers and other clients from the private and public sector to manage such risks efficiently, thanks to our specialist knowledge of mortality, morbidity and longevity trends.

Longevity and health insurance are two of our strategic priorities in the L&H business. The demand for longevity solutions is expected to grow further as demographics shift. We have invested in research and development to improve our ability to predict mortality and longevity trends. In the last few years, we have completed several longevity insurance contracts with pension funds in the UK.

Demand for commercial health insurance solutions is also growing, driven by several major demographic and socio-economic trends. These include: the greater healthcare needs of ageing societies; rising healthcare expectations of the new middle class, especially in growth markets; and healthcare finance reform, particularly in mature markets. We offer a variety of health reinsurance solutions to meet these needs, from short-term protection against the risk of volatility in medical expenses for insurers or employers, to very long-term protection against the financial impact of disability or critical illness.

Longevity transaction with the Aviva Staff Pension Scheme

In 2014, we participated in a landmark longevity transaction with the Aviva Staff Pension Scheme in the UK. With life expectancy rising, pension schemes face the risk that they will not be able to meet all their commitments. Longevity transactions cover this risk by insuring the schemes' liabilities in case their members live longer than expected.

At the time, the deal with the Aviva Staff Pension Scheme was the largest longevity transaction ever completed. It covers GBP 5 billion of liabilities and protects not only the scheme's 19 000 members with pensions in payment, but their widows or widowers and civil partners, as well. Swiss Re is in a position to write such large deals because we have a natural offset through our mortality business, the capacity to write the business to our own balance sheet and the expertise to create tailor-made solutions.

In technical terms, we worked together with two other reinsurers to transfer the longevity risk from the Aviva Staff Pension Scheme to Aviva Life & Pensions UK Ltd and then to the reinsurance market.

Longevity deals in the UK

The longevity solution we have developed with the Aviva Staff Pension Scheme is the latest in a series of such transactions in the UK. Our other clients include one of AkzoNobel's pension funds (17 000 members), the LV= pension fund (more than 5 000 members) and the Royal County of Berkshire Pension Fund (11 000 members).

For more information see
swissre.com/rethinking/longer_lives/

Extending our risk intelligence

We address sustainability, political, regulatory and emerging risks in our core business transactions. To do so, we have developed specific tools and know-how.

Sustainability risks
We define sustainability risks as ethical concerns related to potential environmental and socio-economic impacts of our business transactions, and the reputational risks they may entail.

Risk management is at the core of Swiss Re's business model. Controlled risk taking requires a strong risk culture across the organisation, strengthened by comprehensive risk management processes to identify, assess and control the Group's and the Business Units' risk exposures. The core categories of our risk landscape comprise insurance, financial market and credit risks (see 2014 Financial Report, pages 62–68).

Sound risk management is essential for a re/insurer: Tight control of our exposures guarantees that we can be a reliable partner to our clients when they need us. There is an additional dimension to risk management, though: As a responsible company, we need to pay attention to further, non-standard risks we may be exposed to, especially in the longer term.

Sustainability, political, regulatory and emerging risks are particularly relevant in this respect. We have developed instruments and know-how that help us to identify and assess all of them. This allows us to determine those risks we think should be avoided – because of their loss potential, for ethical reasons, or both.

This extended risk awareness is also key to managing our assets responsibly. The risk assessments we make through our Sustainability Risk Framework, in particular, flow directly into our investment decisions.

Our Sustainability Risk Framework

In a market environment, profitable business activities create economic value. Occasionally, however, they may also adversely affect the environment and certain vulnerable groups. If such impacts are ignored, they may pose a threat to societies' long-term sustainable development.

For companies, this situation can cause dilemmas: A specific business transaction may be economically beneficial and perfectly fine from a legal perspective, yet may have significant environmental and social downsides. At Swiss Re, we believe it is important to recognise the existence of such dilemmas and to develop effective responses. Doing so requires a well-defined approach and the willingness to make decisions based on ethical principles.

For more information see
swissre.com/corporate_responsibility/managing_env_risks.html

Dams are an important source of renewable energy, but can potentially also have impacts on the environment and local communities. In our Sustainability Risk Framework we have a policy that specifies the risks we examine before underwriting dam projects.

Our Sustainability Risk Framework is an advanced risk management instrument that has been specifically designed to identify and address such "sustainability risks" in our core business. It is applicable to all of our business transactions, ie re/insurance as well as investments, to the extent that we can influence their various aspects.

The Sustainability Risk Framework consists of:

- Eight policies on sensitive sectors or issues;
- The Sensitive Business Risks (SBR) process – a due diligence tool for assessing individual business transactions;
- Company exclusions;
- Country exclusions beyond mere compliance with international trade controls.

Policies
Currently, the framework comprises policies on eight sectors and issues where we perceive major sustainability risks: the defence industry, oil and gas (including oil sands), mining, dams, animal testing, forestry and logging, nuclear weapons proliferation, plus an overarching human rights and environmental protection policy.

We regularly review these policies to ensure they reflect new developments. In 2013, for example, we made important amendments to our policies covering the defence industry, nuclear weapons proliferation, oil and gas, and forestry and logging. Further details were presented in the 2013 Corporate Responsibility Report.

The key concerns addressed by the eight policies of our Sustainability Risk Framework are listed on the right:

For more information see
swissre.com/corporate_responsibility/sensitive_risks_process.html

Main concerns in critical sectors

Defence industry
- Particularly cruel weapons that inflict indiscriminate harm to humans and the environment, often after a conflict has ended;
- The provision of certain services by private security companies.

Oil and gas
- Human rights abuses;
- Significant adverse environmental or social impacts, particularly where critical natural habitats, vulnerable groups and/or critical cultural heritages are impacted.

Mining
- Human rights abuses;
- Significant adverse environmental or social impacts, particularly where critical natural habitats, vulnerable groups and/or critical cultural heritages are impacted;
- Poor occupational health & safety record and risk of increasing HIV penetration.

Dams
- Human rights abuses;
- Significant adverse environmental or social impacts, particularly where critical natural habitats, vulnerable groups and/or critical cultural heritages are impacted;
- Non-involvement of relevant stakeholders;
- Non-involvement of affected neighbouring states.

Animal testing
- Unethical and inhumane treatment of animals.

Forestry and logging
- Illegal logging;
- Significant adverse environmental or social impacts, particularly where critical natural habitats, vulnerable groups and/or critical cultural heritages are impacted.

Nuclear weapons proliferation
- Activities associated with nuclear energy or similar in countries that are outside the established framework and international regime of global non-proliferation efforts.

Human rights and environmental protection
- Human rights violations and abuses such as murder, torture, deprivation of liberty, forced labour or harmful child labour;
- Countries that lack an operational, effective and internationally recognised government;
- Companies that are causing ongoing, severe and unmitigated damage to the environment, flora and fauna of a particular place and biodiversity in general, especially in industries and activities that have had a problematic track record in this area in the past.

The Sensitive Business Risks process

Each of the eight policies of our Sustainability Risk Framework contains criteria which define precisely when our underwriters and client managers need to refer a transaction to the Sensitive Business Risks (SBR) process. In such a case, our sustainability and other experts carry out a due diligence assessment: they carefully analyse the benefits and downsides of the transaction at hand and decide whether it is acceptable on ethical grounds.

This decision takes the form of a recommendation either to go ahead with the transaction, to go ahead with certain conditions attached or to abstain from it. If there is disagreement about the recommendation, the case can be escalated to the next management level.

The decisions we take as part of the Sustainability Risk Framework are based on internationally recognised ethical principles. Swiss Re is a signatory to the UN Global Compact, which derives its human rights principles from the Universal Declaration of Human Rights, its labour principles from the ILO Declaration on Fundamental Principles and Rights at Work, its environment principles from the Rio Declaration on Environment and Development and its anti-corruption principles from the United Nations Convention against Corruption.

This web of ethical principles helps us to make decisions that are aligned with universal fundamental rights. However, for decisions in a business context this is not sufficient. Further aspects that need to be considered are the social and economic implications of our decisions in their respective cultural contexts. Last but not least, we need to take into account the implications for our business. Balancing these different aspects requires the careful and consistent assessment of transactions and their local effects, often in collaboration and dialogue with external experts and local stakeholders.

Thus our decisions are neither subjective nor entirely objective. In essence, they reflect our recognition of global fundamental rights, of human suffering and our commitment to limiting unwanted negative impacts of our business transactions.

Company exclusions

The policies of our Sustainability Risk Framework specify certain criteria that may lead to the exclusion of a company from both our re/insurance transactions and our investments, to the extent that such an exclusion is permissible (eg by virtue of mandatory law or internal policies) and possible (eg if existing documentation relating to such re/insurance transactions and investments provide for it). These criteria include: involvement in prohibited war material; verifiable complicity in systematic, repeated and severe human rights violations; infliction of repeated, severe and unmitigated damage to the environment; and unregulated proliferation of nuclear weapons.

Country exclusions

Swiss Re also excludes certain countries from its business, beyond compliance with international trade controls (ITCs). The criteria for these country exclusions are a particularly poor human rights record and no prospect of improvement. Our goal is not to directly underwrite risks or make investments in entities that are based in these countries. At the end of 2014, the countries excluded from our business due to human rights reasons and political risks were North Korea, Somalia, Sudan (North only) and Syria. In the case of Myanmar, Sensitive Business Risk referrals are mandatory.

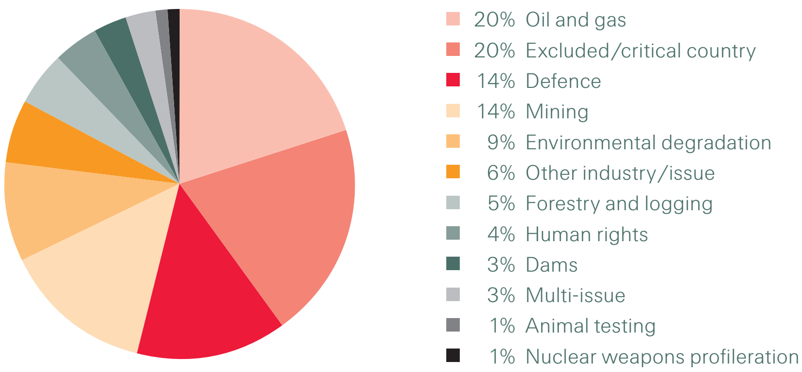
Growth and strengthening of the framework

In 2014, the number of transactions referred to the SBR process rose to 454, more than double the number of the previous year. We issued negative recommendations in 43 cases and positive recommendations with conditions in 60 cases.

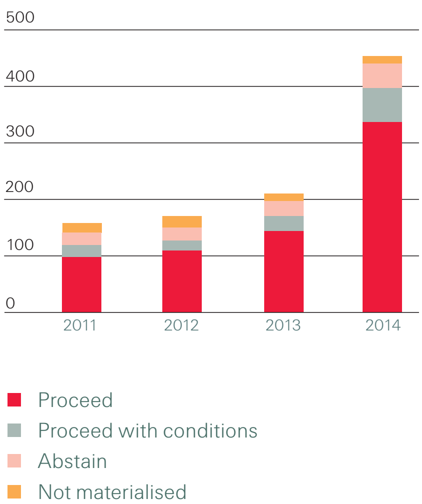
454

Total number of business transactions referred to the Sensitive Business Risks process in 2014
(210 in 2013)

Sensitive Business Risk referrals 2014



Number of Sensitive Business Risk referrals



This strong increase was due to a combination of factors: our continued expansion in high growth markets, where regulation tends to be less stringent, and our continuing efforts to raise awareness of sustainability risks and to provide appropriate training to our underwriting community (see section below).

In view of the steady rise in the number of SBRs, we wanted to establish the approximate percentage of all potentially sensitive transactions that are currently referred to the SBR process. Therefore, we screened all of our business transactions according to four "sensitivity" parameters: countries, country/industry combinations, companies and individual projects. We found that, according to these criteria, around 3 700 of the business transactions we completed in 2014 (in both our Reinsurance and Corporate Solutions Business Units) had to be considered to contain at least some degree of sustainability risk.

Given the total of 454 SBR referrals in 2014, this means that around 12% of all our potentially sensitive transactions were centrally assessed by the sustainability management team at our headquarters. The remaining transactions were examined locally by the responsible business teams, based on the eight policies of our Sustainability Risk Framework.

Creation of an SBR expert network

In response to the steady rise in SBR referrals across all geographical areas, in 2014 we decided to strengthen the Sustainability Risk Framework at our locations by setting up an SBR expert network to provide permanent points of contact. These experts from Risk Management will act as interfaces between the headquarter-based Sustainability Management team and our local underwriting teams. Their responsibilities include awareness raising, organising trainings, facilitating SBR assessments and maintaining contact with regional stakeholders.

Independent internal reviews

In 2014, we started to formally cooperate with our internal Business Risk Review (BRR) unit. A BRR is an independent quality assessment of underwriting and costing activities to review the quality of the technical work carried out and the decisions made, including checking whether mandatory underwriting standards have been adhered to.

During a BRR, our underwriting teams are now automatically asked a number of specific questions about their potential exposure to sustainability risks. The results and recommendations for improvement are reported to the Sustainability Management team, which can then take appropriate action if it detects potential problem areas.

Training

Since we introduced our Sustainability Risk Framework in 2009, we have made considerable efforts to raise awareness of sustainability issues among our underwriters and client managers, and to ensure that they know how to properly apply the framework. Recently, we have focused in particular on high growth markets where we want to expand our business.

In 2014, 306 employees completed our eLearning course on the Sustainability Risk Framework. For 278 new joiners who work in underwriting and with our clients, this training was mandatory.

In addition, we provided training personally or via web-based conference to 115 experienced underwriters and graduates, and gave 16 presentations on the Sustainability Risk Framework, which were attended by 382 people. Through all our personally delivered training and outreach activities, we reached a total of 606 employees in 2014.

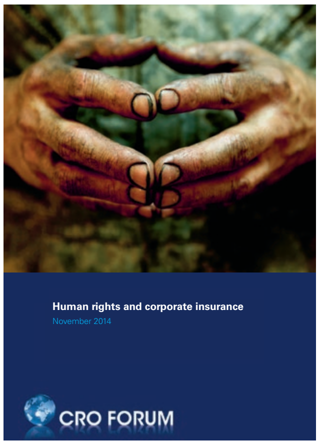
Client and industry interaction

Efforts to address environmental and social risks are obviously more effective when many companies join forces. This is why we seek to further promote sustainability risk management within the re/insurance industry.

We take an active role in several industry organisations that promote sustainable business practices. One of them is the Chief Risk Officer (CRO) Forum (www.thecroforum.org). In 2014, we helped produce its publication on "Human rights and corporate insurance", the fifth in its series on managing environmental, social and governance (ESG) challenges in business transactions.

Human rights and corporate insurance

The purpose of this paper by the CRO Forum is to build an understanding of why the insurance industry has to bring respect for human rights into its risk management framework and how it can address human rights issues in its business relationships with other corporations.



We were also strongly involved in the development of the Principles for Sustainable Insurance (PSI) by the UN Environment Programme Finance Initiative, UN EPFI (www.unepfi.org/psi). We were one of the initiative's original signatories and currently hold its co-chair. Launched in 2012, the PSI address environmental, social and governance issues in the re/insurance industry, spanning risk management, underwriting, product and service development, claims management, sales and marketing, and investment management. Our Public Disclosure of Progress for 2014 is included in this report on page 74.

As the PSI's co-chair in 2014, we contributed to the implementation of its global strategy and work programme for 2014 to 2016, which spans key projects and activities across environmental, social and governance issues. The PSI have witnessed strong growth since their launch in June 2012: In 2014, four more companies joined the initiative, with combined gross premiums of approximately USD 192 billion and USD 3 trillion of assets under management. Thus, there were a total of 43 PSI signatories at the end of 2014, representing approximately USD 766 billion in gross premiums (approximately 17% of the world total) and USD 14 trillion in assets under management.

Political risks

In today's increasingly integrated world we need to be aware of political developments, actions and decisions that can have an adverse impact on our business. Within the Group's risk management organisation, we have a team of specialists who look at a wide range of both commerce- and security-related political risks at global, country and business transaction levels.

These specialists identify, assess and monitor political risks on an ongoing basis, so we understand their implications and can initiate appropriate mitigation measures if required. Particular attention is paid to developments in high growth markets as well as to cross-border issues such as terrorism, energy, multi-national institutions or international trade.

Our knowledge of political risks is also highly relevant for ensuring sustainable business operations in line with environmental, social and governance (ESG) principles: Several of the sectors and issues covered by the eight policies of our Sustainability Risk Framework (see pages 22–27) have a significant political dimension. Implementing these policies, both through SBR assessments and exclusion policies, thus requires a clear understanding of political risks. This is particularly true with regard to human rights violations, the proliferation of armaments into conflict areas or the identification of areas prone to civil unrest.

Furthermore, we seek to raise awareness of political risk within the re/insurance industry and among the broader public, and actively engage in dialogue with clients and other stakeholders. We also distil our ongoing assessments of political risks into several political and sustainability risk ratings at country level, which support our underwriting and investment decisions.

Regulatory risks

Regulatory risks represent the potential impact of changes in the regulatory and supervisory regimes of the countries in which we operate. In 2014, the global regulatory agenda continued to accelerate. Governments and regulators rolled out new policies and conducted numerous consultations and field tests on regulations with a direct impact on the re/insurance sector. Many reform proposals reflect the financial supervision agenda set by the G20, which includes a focus on internationally active re/insurance groups and global systemically important re/insurers.

Swiss Re remained engaged in the regulatory debate throughout 2014, supporting regulatory convergence as well as increased application of economic and risk-based principles. At the same time, we strive to mitigate developments that may adversely affect the re/insurance industry's ability to foster financial and economic stability.

For example, we share the broad concerns of the re/insurance industry regarding the cumulative and cross-sectoral impacts of some of the proposed reforms. Regulatory fragmentation is a key issue, particularly in the context of protectionist measures introduced in some growth markets. Moreover, the introduction of Solvency II in Europe has not fully achieved the goal of regulatory harmonisation.

We also share concerns that the design and implementation of regulatory reforms may increase procyclicality, which could exacerbate the effects of short-term market volatility. In 2014, we participated in consultations with the Financial Stability Board (FSB), the International Association of Insurance Supervisors (IAIS), the Organisation for Economic Co-operation (OECD), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Commission on the implications of regulatory reforms, in particular on long-term investments, for example in infrastructure.

Climate change
In view of the strategic importance climate change has for our core business, we closely monitor regulatory developments in this area. Awareness of the topic by governments and regulators has continued to build, leading to an increase in climate-related reporting requirements. In 2014, the regulators of eight US states mandated that insurers domiciled or licensed in those states with USD 100 million or more in direct written premiums must complete a survey on climate change risks. Meanwhile, the UK government has recently introduced new regulations that have required quoted companies to disclose their greenhouse gas emissions in their annual reports from the fourth quarter of 2013.

Emerging risks
We define emerging risks as newly developing or changing risks that are difficult to quantify and whose potential impact on our business is not yet sufficiently taken into account.

Emerging risks

The risk landscape in which re/insurers operate is changing faster today than ever before. New economic, technological, socio-political, regulatory and environmental developments all have the power to change risks or create new ones. Moreover, growing inter-dependencies between these developments can lead to accumulations of risk and create significant knock-on effects. The general business environment is undergoing significant changes, as well: liability and regulatory regimes continue to evolve, stakeholder expectations are strengthening and people's risk perceptions are shifting.

This complex landscape gives rise to "emerging risks": newly developing or changing risks that are difficult to quantify and whose potential impact on our business is not yet sufficiently taken into account.

Detecting and investigating such risks early on forms an important element of our comprehensive approach to risk management. Our aim is to reduce uncertainty and prevent unforeseen losses, while identifying new business opportunities and raising awareness within the Group and across the industry. Therefore, we try to understand how risks are changing, assess their impact and seek to recognise potential links between them.

Our SONAR framework
With SONAR ("systematic observation of notions associated with risk"), we have a Group-wide framework which has been specifically designed to manage emerging risks. Firmly embedded in the Group's risk management organisation, SONAR allows us to identify and assess these risks in a timely manner and to factor them into our decisions.

SONAR uses an interactive, web 2.0-based platform, which enables all our employees to share risk notions quickly and easily and to stay up-to-date on new developments. In 2014, 127 risk notions and discussions were fed into the SONAR process, drawing on all main areas of the emerging risk landscape. While many of these early signals will never actually turn into emerging risks, others may well do so. As it is impossible to anticipate which signals will fall into which category, all of them warrant equal attention.

Thus, our emerging risk specialists assessed all these risk notions for their potential impact on our business and subsequently carried out more in-depth investigations of selected topics, for example of electronic cigarettes (see page 29). To share some of our key insights with external audiences, in 2014 we published the second edition of our comprehensive Swiss Re SONAR report (see page 30).

The emerging risks we have assessed in more detail and featured in our Corporate Responsibility Reports in recent years include: electromagnetic fields, critical infrastructure, carbon nanotubes, smart grids, cyber attacks, 3D printing and new forms of mobility. Of these, infrastructure and new forms of mobility – or, more specifically, autonomous cars – have indeed emerged as significant topics for our business, creating risks as well as new opportunities. Corresponding follow-up activities are described on pages 39 and 41, respectively.

127

Total of risk notions and discussions fed into the SONAR process in 2014

For more information see
swissre.com/about_us/managing_risks/emerging_risks.html

Electronic cigarettes – curse or blessing?

Electronic cigarettes (e-cigarettes) imitate smoking by technical means without actually burning tobacco. They are battery-powered electronic devices designed to inhale vaporised liquids. These "e-liquids" are based on a solution of propylene glycol and/or glycerine, which is mixed with concentrated flavours and, optionally, with a variable amount of nicotine.

E-cigarettes were first introduced at the start of the millennium and have made inroads into the traditional tobacco smoking market at an exponential rate in recent years. The devices are mainly sold over the internet, but are also available over the counter in tobacco stores, pharmacies and supermarkets.

While the e-cigarette business is growing rapidly, knowledge about the potential health effects is lagging behind. E-cigarettes and similar devices such as e-shishas or e-pipes are commonly marketed as healthier alternatives to conventional tobacco smoking. However, the long-term effects of inhaling e-cigarette vapour are not yet fully understood. Furthermore, it is not yet clear how e-cigarettes will affect the smoking behaviour of the public: Will the dominant trend be for conventional smokers to switch to e-cigarettes, thus generally improving public health? Or will non-smokers start using e-cigarettes, with potentially adverse effects on public health?

Regulation is also lagging behind. After several years of almost completely unregulated rapid growth, the e-cigarette business will likely face more stringent regulation in the coming years, as regulators and law makers in many major markets review their positions . This can also be expected to affect the public's perception of e-cigarettes and the associated risks.

Given the high degree of uncertainty regarding health effects, consumer perception and regulation, a cautionary approach towards e-cigarettes seems justified. All related developments should be closely monitored and regularly reviewed to ensure that the underlying risk exposure is adequately assessed.

Strategic risk initiatives
Identifying and addressing emerging risks can be challenging: The novelty and interconnectedness of such developments make it difficult to determine when a particular risk notion must be considered an emerging risk. Timing is thus of crucial importance: If measures to exclude a particular risk are taken too early, we can offer our clients less insurance protection; if measures are taken too late, we may end up with increased loss potential.

Given these challenges, we believe it is essential to foster risk dialogue with various partners. By sharing perceptions and assessments, all parties can gain a better understanding of potential emerging risks. In 2014, we contributed to the following strategic initiatives:

WEF Global Risks Report (GRR)
Since its first edition in 2006, Swiss Re has been a strategic partner to the GRR, the flagship publication of the World Economic Forum (WEF). In 2014, we authored an entire chapter under the heading of "Generation Lost?". It highlights the challenges facing the "millennials" against the background of high youth unemployment, rising costs of education and the burden of an ageing population.
www.swissre.com/about_us/managing_risks/Global_Risks_Report_2014.html

CRO Forum Emerging Risk Initiative (CRO ERI)
The CRO ERI was launched in 2005 to raise awareness of major emerging risks relevant to society and the re/insurance industry. In 2014, Swiss Re chaired the Emerging Risk Initiative for the second time.
www.thecroforum.org/emerging-risk-initiative-2/

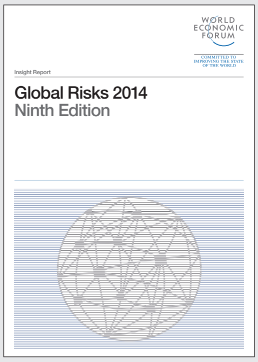
International Risk Governance Council (IRGC)
The IRGC is an independent organisation whose purpose is to help understand and manage global risks that impact human health and safety, the environment, the economy and society at large.
www.irgc.org/

As a partner of these strategic risk initiatives, we contributed to two reports on relevant risk developments in 2014 (see below).

Swiss Re publication

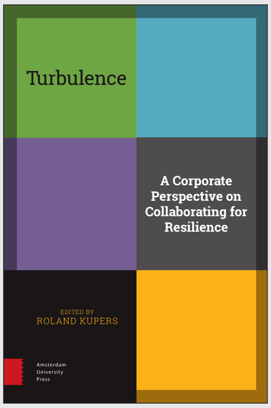
Swiss Re SONAR:
New emerging risk insights
The Swiss Re SONAR report features emerging risk themes that have the potential to impact the insurance industry in the future. These topics were mainly derived from our SONAR process and were assessed by our emerging risk management experts.
media.swissre.com/documents/SONAR_2014.pdf

Publications with partner organisations



Global Risks 2014, Ninth Edition, provides a high-level overview of 31 selected global risks, based on a survey with over 700 experts from industry, government, academia and civil society around the world. It highlights how global risks are interconnected and have a systemic impact. The report aims to improve efforts by the public and the private sector to map, monitor, manage and mitigate global risks, thus helping to build resilience to them.
www3.weforum.org/docs/WEF_GlobalRisks_Report_2014.pdf

The **CRO Forum's position paper on "Pushing the limits"** deals with new dimensions in managing risks arising from large, complex and rapidly realised projects in construction, engineering, logistics, transportation and medicine. Risk management needs to keep pace with these developments to ensure that tomorrow's world remains as safe as today's.
media.swissre.com/documents/CRO_Forum_Pushing+the+limits.pdf



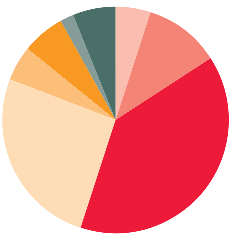
Turbulence: A Corporate Perspective on Collaborating for Resilience
This 188-page publication presents the tools and concepts developed by the members of the Resilience Action Initiative to foster resilience in an increasingly turbulent world. Swiss Re contributed a full chapter focusing on enterprise resilience.

The Resilience Action Initiative
In 2013 and 2014 we partnered with other large, globally active companies in the Resilience Action Initiative (RAI). The premise of the initiative was that ever-greater demands on food, water and energy systems – in the context of climate change – will make the world a much more turbulent place in future. Putting a strong focus on practical action, the Resilience Action Initiative argued that our socio-economic systems will have to become more resilient to such turbulences – and then sought to explore how multinational companies can help to strengthen the adaptive capacity of their own operations as well as the communities they interact with and depend on.

Building on our substantial experience in helping communities to strengthen their risk resilience, our sustainability and emerging risk specialists developed a novel concept of enterprise resilience. This defines three levels of resilience:
- "structural", focusing on the company's own systemic nature;
- "integrative", emphasising the company's complex interconnections with its environment;
- "transformative", highlighting the company's ability to develop over time.

For each of these levels, the concept specifies a set of "resilience lenses", which companies can employ to assess their current resilience against potential turbulences and identify appropriate adaptation measures.

Investment mix
as of 31 December 2014
(Total: USD 125.4 bn; assets for own account only, excluding unit-linked and with-profit)



■	5%	Cash and cash equivalents
■	11 %	Short-term investments
■	39%	Government bonds incl. agency
■	26%	Corporate bonds
■	5%	Securitised products
■	6%	Equities*
■	2%	Mortgages and other loans
■	6%	Other

* Listed equities, hedge fund equities, private equity and Principal Investments

Responsible investment

Asset-liability management (ALM) is the cornerstone of our investment philosophy. Premiums generated by our underwriting activities are invested in assets whose cash flows match the durations and currencies of our re/insurance liabilities, to meet future claims and benefits. As a result, we have an overweight of higher-quality fixed income investments with stable long-term returns. At the end of 2014, such investments accounted for 72% of our total assets under management[1].

Swiss Re is committed to investing its assets responsibly through a controlled and structured investment process, which integrates environmental, social and governance (ESG) criteria. We believe that considering these factors can have a positive impact on the long-term financial performance of our investment portfolio. Thus, we apply sustainability-related risk information consistently across our entire investment portfolio.

We also remain engaged on long-term investment themes, and particularly on infrastructure as an asset class: Re/insurance companies are well suited to bridging the emerging infrastructure financing gap due to the long-term nature of their underlying business; however, the right pre-conditions have to be set. Swiss Re recognises this and contributes to ongoing policy dialogue on a global level. For instance, we recently issued a joint publication with the Institute of International Finance (IIF), "Infrastructure Investing. It matters." (see page 43) and support the World Bank's recently established Global Infrastructure Facility as an advisor (see page 39).

1 Asset classes considered consist of government bonds (incl. agency), corporate bonds, securitised products, and mortgages and other loans.

Responsible investment governance
Our asset management has a well-defined framework, which considers ESG criteria consistent with the Group Code of Conduct and commitment to sustainability. This commitment is further outlined in the Group Asset Management Responsible Investment Policy, which describes our approach and principles in relation to sustainability in the management of Swiss Re's investments, as well as the roles and responsibilities to ensure the integration of ESG considerations. This is complemented by the Swiss Re Voting Policy, which provides guiding principles that apply to all our voting activities. With this approach, we ensure a comprehensive commitment to responsible investment in our day-to-day asset management activities.

Overall responsibility for sustainable investing lies with the Group Chief Investment Officer, who is advised by the Asset Management Executive Team. Furthermore, an ESG Advisory Group, formed with representatives from all investment units and risk management, oversees and monitors the progress of our responsible investment activities.

In 2007 we signed the UN Principles for Responsible Investment (PRI) and in 2012 the Principles for Sustainable Insurance (PSI), thereby formally endorsing our commitment to corporate responsibility. The PRI and PSI are taken into account in Swiss Re's comprehensive responsible investment framework.

All PRI signatories are required to provide in-depth reporting on their responsible investment activities. The reports are available on the PRI website at www.unpri.org/areas-of-work/reporting-and-assessment/reporting-outputs/individual-2013-14/

Overarching approach
Swiss Re is a long-term investor. Therefore, it follows that we take a long-term view on the risk factors that may have an adverse impact on our investment portfolio.

At the core of our approach to tackling ESG related risks in investments is the Sustainability Risk Framework (see pages 22–27). This framework enables us to identify and analyse potential ESG risks within an investment and to ensure we are aligned with our governance structure.

The framework consists of eight policies on sensitive topics: the defence industry, oil and gas (including oil sands), mining, dams, animal testing, forestry and logging, nuclear weapons proliferation, and an overarching human rights and environmental protection policy. Each policy contains a number of predefined criteria and qualitative standards that may lead to the exclusion of a company or a country from our investment scope.

Swiss Re's Asset Management unit strictly applies these criteria to the vast majority of our investment assets, excluding companies and countries if they do not meet the predefined criteria and qualitative standards.

Specific approaches per asset class
In addition to the overarching approach described above, we have identified some key investment areas where we apply further, specific ESG criteria to cater for the different risk characteristics of responsible investment. These key investment areas include rates products, credit products, equities and real estate:

Rates products

Rates products[2] constitute the largest asset class in our investment portfolio, with a share of 55% at the end of 2014. With 39% of total assets under management, government bonds (incl. agency) are the largest holding within rates products.

At a country level, we have implemented political risk and sustainability assessments to guide on responsible investment decisions and to guarantee the quality of our government bond portfolio in this respect. Our rates products portfolio is screened against political country risk and sustainability rating considerations on a semi-annual basis. Furthermore, the rating measures are used to define investment mandates for our portfolio managers.

Political Country Risk Rating

The Political Country Risk Rating comprehensively measures the political risk in a country, which is defined as events of a political, economic or social nature that harm business operations or adversely affect the business climate. The overall country score is derived from multiple external and internal data sets and Swiss Re's expert assessment.

Sustainability Rating

The Sustainability Rating, a derivative of the Political Country Risk Rating, measures the overall social, environmental and human rights situation in a country, and supports Swiss Re's alignment with relevant United Nations principles.

Credit products, equities and hedge funds

At the end of 2014, close to 40% of our investment portfolio was externally managed. This portfolio is mainly comprised of credit products, equities and hedge funds.

Approximately 90% of Swiss Re's externally managed assets are managed by PRI signatories themselves. All of them have contractual provisions with Swiss Re, specific to responsible investments.

We work closely with the managers to ensure they consider ESG aspects in their investment processes. Before external managers are appointed, Swiss Re performs thorough due diligence to confirm their compliance with our responsible investment principles. This includes ESG considerations in investment decisions and monitoring, as well as a review of the managers' commitment to responsible investment. After being mandated, the managers' individual performances are monitored in line with our Responsible Investment Policy, and they are required to report regularly on their responsible investment activities.

For more systematic and regular monitoring of the actual integration of ESG factors into our externally managed portfolio, we have engaged the services of a leading ESG research company. We apply the ratings provided by them to our investment portfolio to assess the quality of the portfolio and gain further insight into ESG risk exposures.

Real estate

Our investment portfolio consists of direct investments in properties, principally in Switzerland and in Germany. Comprising buildings for both residential and commercial use, the total value of the portfolio was USD 2.5 billion at the end of 2014.

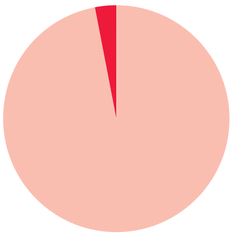
For these real estate investments we apply ambitious sustainability standards. For projects in Switzerland, the applicable criteria are defined in the Energy Mission Statement of Swiss Re. This stipulates that all new buildings need to conform to the MINERGIE® standard (www.minergie.ch), a Swiss quality label specifying high levels of energy efficiency and superior user comfort. When an existing building in the portfolio is due for renovation, this standard is applied whenever it is feasible from an architectural, technical and financial point of view.

By the end of 2014, the combined value of our MINERGIE®-certified buildings had reached USD 0.4 billion, or 19.5% of our Swiss portfolio of direct real estate investments. The total energy consumption surface in accordance with the MINERGIE® standard was 82 497 m^2 at the end of 2014. In addition, more than 56 000 m^2 had been sold on to third parties in previous years.

In 2014, construction of a new property, built to the MINERGIE-ECO® standard, was completed: In addition to environmental specifications, this residential complex with 40 flats also meets health criteria and demands on building materials. Furthermore, construction of a new building with 16 flats which will meet the MINERGIE® standard is currently underway; it is expected to be completed in 2016.

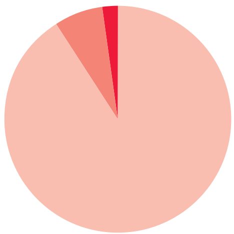
2 Rates products consist of cash, short-term investments, government bonds (incl. agency), and derivatives thereof.

Voting activities in 2014



97% Votes cast
3% No votes cast

Voting behaviour in 2014



91% Voted with management
7% Voted against management
2% Abstained

Voting

As an asset owner, and in particular as a shareholder, we recognise our rights and responsibilities as an integral part of our commitment to responsible investment.

We believe that ESG considerations, and especially good corporate governance and transparency towards shareholders, are key drivers for sustainable value creation. Therefore, we actively exercise our rights to enhance portfolio value.

In the case of internally managed assets, we use our influence as a responsible shareholder by directly exercising our voting rights, and with externally managed portfolios, by facilitating the relevant portfolio managers to execute our proxy votes and related engagement activities.

In line with our voting framework, we review the voting policies of external managers during due diligence processes to confirm compliance with our own policy. In addition, external managers are required to report on voting activities conducted on Swiss Re's behalf, including providing an explanation of any votes against management.

In 2014, we exercised our voting rights on 97% of our listed equity portfolio. We voted on 4 171 ballots through our external managers, and we voted in favour of the respective management resolution in 3 817 cases (91%), against it in 280 cases (7%) and abstained from voting in 74 cases (2%).

In addition to shares in listed companies, investments in our equity portfolio include equity exchange-traded-funds (ETFs). The fund managers cast votes on these ETFs for all investors in accordance with the fund managers' own voting policies and processes.

Due to our large- and mid-cap company focus and the moderate total size of our equity exposure, we generally hold a very small portion of total issued share capital. This means Swiss Re rarely controls the outcome of a vote.

Exploring and shaping the risk landscape

We engage in regular dialogue with our stakeholders. By sharing expertise and know-how, we help society to develop effective responses to key risks.

With our re/insurance solutions we help our clients and partners to cope with the risks they face. This helps to create stability and enables economic growth. But many of today's risks are complex and may threaten sustainable progress. To find effective, long-term responses to such risks, partners from the public and the private sector need to work together.

This is why we attach great importance to ongoing dialogue with our stakeholders. Using the expertise from our core business, we identify key risk topics and take an active role in discussions on them. We share and exchange knowledge through many channels, eg our renowned publications including the *sigma* series, international dialogue platforms, events at our Centre for Global Dialogue, and cooperation with governments and academic institutions. Through this ongoing dialogue, our stakeholders give us valuable feedback and new insights for our risk management and product development.

Group Issue Management

With Group Issue Management (GIM), we have a formal process to identify topics that are strategically important to us, our clients and society at large. These Top Topics denote the global challenges we want to help address and set an important focus for our stakeholder dialogue.

The GIM process involves our risk specialists, product experts and other professionals from across the Group. We share their risk expertise and solutions with key stakeholders, ie clients, investors, regulators, policy makers, academics and civil society groups. Through our Top Topics dialogue, we also aim to help shape public policy in a way that facilitates the development of effective responses to the issues identified.

We periodically review our Top Topics portfolio to reflect new business developments and shifting global agendas. Following an extensive review in 2012, we adopted a revised set of five Top Topics for our stakeholder dialogue:

- Advancing sustainable energy solutions
- Funding longer lives
- Managing climate and natural disaster risk
- Partnering for food security
- Supporting financial stability

In 2014, we again worked on these Top Topics with many partners from the public and private sectors. In the following sections we provide a brief introduction to each topic, explain why we consider it to be important and give examples of our activities:

Advancing sustainable energy solutions

Sustainable energy sources are essential to combat global warming. Reducing greenhouse gas emissions while, at the same time, satisfying the energy needs of a growing population, will be one of the great challenges we face in the coming decades. Sustainable energy projects continue to increase in scale and complexity, as do the risks associated with them.

Innovative risk transfer solutions help to drive investment in the sector by reducing risk for investors. Building on our long-standing commitment to sustainability, we have recently intensified our renewable energy research to help our clients and the global community to develop and establish secure energy supplies for the future.

Our notable achievements in 2014:

- Together with the World Energy Council, we launched the three-year research project "Financing resilient energy infrastructure" (FREI) to identify and characterise the nature, frequency and severity of emerging risks in renewable energy installations. Its results will help to make energy infrastructure more reliable and thus encourage investment in the sector;
- As a founding member, we launched the RE100 initiative with several partner companies, setting ourselves the goal of obtaining 100% of our energy from renewable sources. By increasing demand, this initiative will make it more viable for power companies to build renewable energy plants (for more details, see page 46);
- We extended Swiss Re Corporate Solutions' partnership with Solar Impulse on the world's first round-the-world flight with a solar-powered airplane, underscoring our commitment to supporting cutting-edge innovations in the field of sustainability.

Funding longer lives

People are living longer today than ever before, but the share of the working population is shrinking. As a result of this demographic megatrend, the costs of funding retirement income, healthcare and long-term care in old age are increasing dramatically. This could have significant financial consequences for individuals, insurers, employer pension funds and society in general. Public-private partnerships are needed to overcome this challenge.

Life and health reinsurance is part of our core business, and we are the world's largest reinsurer of mortality risk. Consequently, we are a natural home for the longevity and health risks associated with ageing societies, and have the financial strength to take on risks across a person's whole lifespan. Our in-depth research and development in the life and health area combines medical, demographic, social, behavioural and financial expertise to deliver unique insights into the implications of funding longer lives. Our global presence and deep understanding of different demographic needs throughout the world allow us to adapt and develop innovative solutions in new markets.

Our notable achievements in 2014:

- We continued our involvement in Asia Health Symposia, which is an information-sharing platform to gather a cross-section of key stakeholders. Spin-off task-force groups maintained dialogue on key health issues identified;
- Our senior management were engaged as keynote speakers at various US and Canadian industry conferences on "funding longer lives";
- We contributed several articles and interviews on "funding longer lives" topics to different media.

For more information see
swissre.com/rethinking/sustainable_energy/

For more information see
swissre.com/rethinking/longer_lives/

Managing climate and natural disaster risk

Losses from floods, storms, earthquakes and other natural catastrophes (nat cat) can have a dramatic impact on the citizens and economies of entire countries. Insurance helps people, businesses and societies to get back on their feet after disaster strikes.

Although insured losses from natural catastrophes were lower in 2014 than in recent years, the number of events was among the highest ever recorded. The expectation is that, as a result of climate change, extreme weather events like hurricanes and floods will increase. Moreover, the economic losses from such events are also expected to rise given a higher concentration of assets in exposed areas. If no action is taken, climate change could cost the world economy an estimated 20% of global GDP by the end of this century.

For more information see
swissre.com/rethinking/climate_and_natural_disaster_risk/

By financing measures to mitigate disaster risks and adapt to climate change, we can strengthen the resilience of businesses, local and national economies, and societies. As insurance puts a price tag on risk, it helps to create an incentive to invest in prevention measures.

As a result of increased insurance penetration, losses from natural catastrophes are expected to rise. Understanding natural catastrophe risks and the impact of climate change is critical to cost Swiss Re's business accurately and to structure sound alternative risk transfer solutions. By sharing this knowledge, we help our partners to identify cost-effective measures to protect themselves. In addition, we provide solutions to cover the residual risk that cannot be avoided.

Our notable achievements in 2014:

- We continued to share our data on the potential impact of major nat cat events on cities. Following on from the publication "Mind the risk: a global ranking of cities under threat from natural disasters", we launched our "Risky cities" publication series in 2014, which provided more detailed data for Los Angeles, Tokyo, Mexico City and Rome;
- We shared our expertise regionally and nationally through the four publications "Small quakes, big impact: lessons learned from Christchurch", "Keeping tabs on the typhoon threat", "The big one: The East Coast's 100 billion dollar hurricane event" and "The risk of tropical cyclones in Brazil";
- We produced the animated video "Resilient Cities: pathway to a more sustainable future" to explain the benefits of "nat cat proofing" the design of cities (see below).

By taking the right precautionary measures, cities can increase their resilience to natural disasters: A papercraft video we produced in 2014 shows how. You can watch the video at swissre.com/urban_resilience.

Partnering for food security
805 million people – or one in 11 – are chronically hungry and malnourished on the planet today. By 2050, the world's population is expected to grow to an estimated 9 billion people, which will further aggravate the situation. Meeting this demand for food will be particularly challenging, as supply is constrained by factors such as climate change, depleted agricultural soils and the distribution of land, water and energy.

Most farming in the world is still carried out by small-scale subsistence farmers, who feed their families and sell a small surplus on local markets. This needs to change as more and more people are living in cities. Last year, the urban population exceeded the rural one for the first time ever, which means that cities are becoming increasingly dependent on the remaining farmers for their food.

The surplus subsistence farmers currently produce will not be enough to feed the growing population in our cities. Smallholder farmers must make the transition to commercial agriculture to feed the world. For this, they need access to credit so they can buy tools, seeds and fertilizer. But lending will remain restricted if banks fear that farmers will be unable to pay back their loans in the event of a lost harvest due to drought, flood or other disasters. Here, insurance can play the same role in the developing world as it already does in developed countries: protecting farmers against the perils of nature to keep them in business, even if disaster strikes.

Our notable achievements in 2014:
- Ahead of time, we met our commitment to provide insurance coverage to 1.4 million African smallholder farmers by 2017, and even exceeded our initial goal, with 2 million farmers benefiting at the end of 2014 (see page 19 for further details);
- We invited ninety clients, NGOs, banks and other stakeholders to the fourth Agricultural Reinsurance Workshop in Nairobi to discuss the measures needed to reshape agriculture in Africa to feed its growing population, identifying a lack of data on the importance of agriculture as a key challenge;
- As a follow-up to the Nairobi conference, we began providing such data in the new publication "Sub-Saharan Africa – breadbasket for a growing population" and by publishing "Agro insurance hotspots" on Mozambique and Kenya, which include overviews on the economics, production and perils of agriculture.

Supporting financial stability
Re/insurance supports financial stability by acting as a shock absorber and by promoting growth. Through its core business, it helps to reduce the impact of major risk events on the broader economy and provides it with long-term investment finance.

However, regulatory reforms, the macro-economic environment and asset-liability matching are three areas that currently impact re/insurers' balance sheets and their ability to promote financial stability. Taken together, these three pillars form the basis of our Top Topic "supporting financial stability".

Financial stability emerged as a key topic in re/insurance after the 2008/2009 financial crisis, which revealed flaws in the supervisory system. New regimes were introduced to address the root causes of the crisis. Today, insurers face a new dimension of macro regulation and new institutions unfamiliar with our sector. This is particularly relevant now, given the ongoing debate on systemic risk in re/insurance and the impact of regulatory reform on investments. That is why we expanded the financial stability topic in 2014 to include infrastructure investment reform and developing business from Solvency II.

Our notable achievements in 2014:
- We cooperated with the Institute of International Finance (IIF) to publish the report "Infrastructure Investing. It Matters.", which highlights the importance of infrastructure growth and partnerships to fund its investment;
- We collaborated with the World Bank's Global Infrastructure Facility (GIF) as an advisor to help establish infrastructure investments as an asset class and to provide innovative insurance risk solutions for infra-structure investments (see page 39);
- We continued to keep a close eye on Solvency II developments, seeing as reinsurance can have a measurable effect on our clients' capital requirements.

For more information see
swissre.com/rethinking/food_security/

For more information see
swissre.com/rethinking/financial_stability/

Swiss Re collaborates with the World Bank on infrastructure investment strategies

According to the OECD, less than 1% of the USD 80 trillion or so managed by institutional investors (eg re/insurance companies and sovereign wealth funds) is earmarked for infrastructure investment. However, emerging markets and developing economies, especially, are facing a massive gap in infrastructure investment: it is estimated that an additional USD 1 trillion to USD 1.5 trillion will be required to meet demand until 2020 alone.

To unlock the potential of infrastructure investment, the World Bank has launched its Global Infrastructure Facility (GIF), a partnership of public and private sector entities. We took part in the GIF's launch event in 2014 to announce our collaboration as an advisor. Swiss Re and other re/insurers can play a crucial role in promoting infrastructure investment: not only is our industry one of the largest institutional and long-term investors, it also offers the risk transfer solutions needed to protect investments.

To attract more long-term investment, however, infrastructure needs to become established as a standardised and tradable asset class. In our cooperation with the GIF, we focus both on infrastructure as an asset class and effective risk transfer solutions.

www.worldbank.org/en/topic/publicprivatepartnerships/brief/global-infrastructure-facility

Our Centre for Global Dialogue

The Swiss Re Centre for Global Dialogue is an important platform for interaction with our external stakeholders. Located near Zurich, this state-of-the-art conference centre hosts client and expert events. It allows us to present our thinking on some of the key issues confronting our industry and society at large, while exploring topics that are critical to a better understanding of the risk landscape we are facing.

Besides organising dialogue events, the Centre is responsible for executive client training and engages in research projects with third parties, principally from academia. These projects provide us with fresh perspectives on topics of pressing concern to the re/insurance industry. The Centre also manages some of Swiss Re's key external networks.

The Centre reflects our commitment to being a knowledge company. We believe that by openly exchanging and sharing this knowledge we, our clients and stakeholders can be "smarter together".

Below you can read summaries of three events we held at the Centre in 2014:

Connecting generations: Funding longer lives
When we celebrated our 150 Year Anniversary in 2013, the Centre for Global Dialogue launched a series of events under the motto of "Connecting generations". This series continued in early 2014, first focusing on our Top Topic of "funding longer lives". A mixed group of entrepreneurs, industry experts, government representatives and researchers met to discuss the roles of different generations in tackling the financial challenges posed by our ageing societies.

For more information see
cgd.swissre.com

The discussion revealed two ways of trying to address the looming pensions' crisis. The first is financial: Individuals should be encouraged to save more, while private and employers' pensions must be further developed. Insurance schemes covering care costs could also help, but need time to develop. The second is to challenge our current work-life patterns. It is neither financially feasible nor economically optimal that most workers retire in their early 60s. We all need to be much more flexible in rethinking our working lives and retirement, so individuals can choose a lifestyle that suits their personal and financial circumstances.

It was also argued, however, that we may not just have to rethink pensions and retirement, but the concept of ageing altogether. New technologies are already being developed that have the potential to fundamentally change the way we age. They include, for example, augmentation of existing organs, bionic implants, personalised medicine and diagnostics such as biometric sensors. When such "next society" technologies begin to influence both our longevity and our investment decisions, this will raise profound moral, social and political questions for our societies.

Natural catastrophes and man-made disasters
Each year, an early edition of our renowned *sigma* series provides a detailed analysis of natural catastrophes and related losses witnessed in the previous year. When this *sigma* edition was published in 2014, the Centre for Global Dialogue held a one-day conference to highlight some of the key findings and strategic issues emerging from the data.

Although the numbers vary from one year to the next, there has been a clear trend: Natural catastrophes are now responsible for more human casualties and higher financial losses than ever before, particularly in densely populated and unprotected locations. In the face of this mounting challenge, the re/insurance industry is looking for ways to better manage natural catastrophe risks.

Re/insurers have developed some very sophisticated models to handle natural catastrophe risks. However, a key theme of the conference discussions was how important it is to make societies and governments more aware of the risks they face, and to make the existing risk expertise available to a wider public. A second focal point was the impact that climate change is having on the frequency and severity of extreme weather events. Conference participants came to the conclusion that tackling these growing challenges requires better cooperation between all the parties involved.

The autonomous car: Risks and opportunities for the re/insurance industry
Autonomous cars have recently been identified by our emerging risk specialists as a development that may pose a significant challenge to the re/insurance industry (see case study on "new forms of mobility" in the 2013 Corporate Responsibility Report, page 28). A two-day conference, organised by the Centre for Global Dialogue, sought to stimulate the debate on this topic, by bringing together manufacturers, technology producers, lawyers and road safety experts.

Until recently, cars have evolved incrementally in appearance and capability, and the fundamental model of the driven car has changed very little. The new technologies that are already on the market are designed to assist drivers but, in future, they may actually take over from them, making cars autonomous. Almost all major car manufacturers are working on such prototypes, so this is not the stuff of science fiction.

The speed with which autonomous cars will spread depends on a number of factors, such as consumer preferences, legal environments and data security. But questions surrounding insurance and insurability will also play a crucial role; what is certain is that the car insurance market will change and that insurers will need to be flexible in their product offerings. We will continue to work with our clients and partners to keep abreast of the challenges and opportunities created by the arrival of the autonomous car.

Jayne Plunkett, our Head Casualty Underwriting Reinsurance, personally addresses the two-day conference at Rüschlikon on "the autonomous car". This is an important topic for us and the industry, because the technology will create significant challenges as well as new opportunities for re/insurers.

Collaboration with (inter-) governmental and academic institutions

We collaborate with various (inter-) governmental and academic institutions both to promote effective approaches to sustainability challenges and to share our expertise on managing specific risks.

Working with (inter-)governmental agencies to promote effective sustainability responses

- In Europe, we worked with Insurance Europe in Brussels on the European Commission's Green Paper on the Insurance of Natural and Man-Made Disasters: In addition to regular involvement in exchanges and feedback, one of our senior managers took part in discussions with the European Commission;
- In the US, we maintain regular dialogue with the National Association of Insurance Commissioners (NAIC), principally on climate change and natural catastrophes;
- In Switzerland, we provide a committee member of the OcCC *(Organe consultatif sur les changements climatiques)*, an advisory body on climate change set up by the Swiss Federal Administration.

Working with (inter-)governmental agencies to share risk management expertise

- With Global Partnerships, we have an entity that works strategically with public-sector bodies to improve risk resilience:
  - directly with governments, recently eg with the Government of Uruguay to create a solution providing cover for drought conditions that affect hydropower generation, with the State Council of China to improve resilience against natural catastrophe risks, or through the Pacific Catastrophe Risk Insurance Pilot (see pages 16–18);
  - with the United Nation's International Strategy for Disaster Reduction (UNISDR) in a consulting role;
  - with development agencies such as the United States Agency for International Development (USAID), the UK's Department for International Development (DFID), the Swiss Agency for Development and Cooperation (SDC), the World Bank, the Asian Development Bank (ADB), the Inter-American Development Bank (IADB) or the German Development Bank (KfW);
- We regularly contribute to platforms such as the World Economic Forum, B20, G20 and G8 to share our insights on key risks, and support the United Nations Framework Convention on Climate Change (UNFCCC) process;
- We recently contributed to the World Economic Forum's Global Risks reports (see page 30 for the 2014 edition).

Working with academic institutions

- We support the Integrative Risk Management project at the Swiss Federal Institute of Technology (ETH) Zurich, which aims to advance a holistic approach to managing risks and educate a new generation of researchers;
- As a member of the steering committee of Swiss-based ProClim – the Forum for Climate and Global Change – we support integrated research activities and get access to the latest scientific findings;
- Through our co-chairmanship of the PSI Board, we cooperate with Temple University on the role of insurance in improving society's risk resilience.

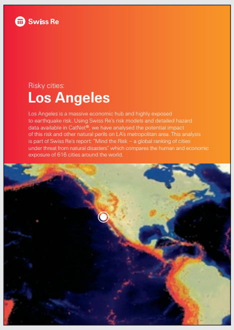
Selected communication products in 2014

The publications and other media we produce in-house or in cooperation with our partners play an important role in our efforts to help clients and society form effective responses to key risks. Listed below are the publications mentioned in this chapter on pages 36–41. Further Swiss Re publications are displayed on pages 68–69.

Swiss Re publications

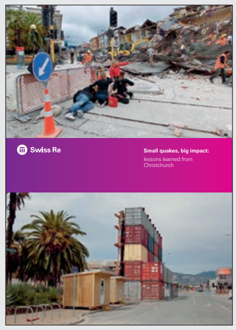
Agro insurance hotspot (on Mozambique and Kenya)

Keeping tabs on the typhoon threat

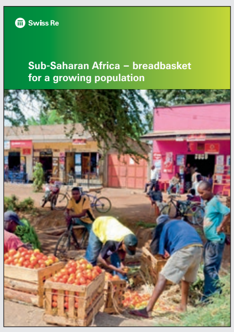


Risky cities (on Los Angeles, Tokyo, Mexico City and Rome)

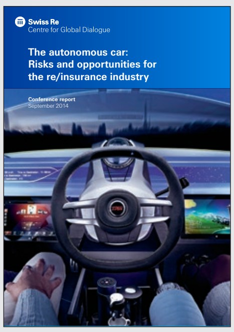
***sigma* 1/2014: Natural catastrophes and man-made disasters in 2013**



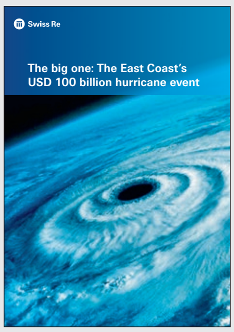
Small quakes, big impact: lessons learned from Christchurch



Sub-Saharan Africa – breadbasket for a growing population



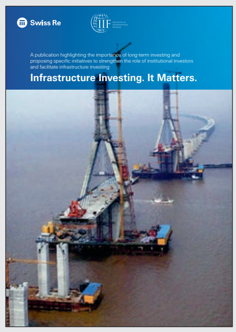
The autonomous car: Risks and opportunities for the re/insurance industry (Conference report)



The big one: The East Coast's USD 100 billion hurricane event

The risk of tropical cyclones in Brazil

Publication with partner organisation



With the Institute of International Finance: **Infrastructure Investing. It Matters.**

Reducing our environmental footprint

We want to lead by example and work to minimise the environmental impact of our operations. Cutting CO_2 emissions and reducing energy consumption are key targets across the Group.

As a typical knowledge company, we do not cause large environmental impacts through our own operations. Nonetheless, we firmly believe it is important for a responsible company to minimise its environmental footprint, thus leading by example.

For our core re/insurance business, climate change represents a key issue. Reflecting this, we have been focusing on reducing our own CO_2 emissions and energy consumption for many years. Our pioneering initiatives include the Greenhouse Neutral Programme and the CO_{you2} Programme. Both are now into their second cycles, running from 2013 to 2020.

Furthermore, we apply sustainability guidelines to our sourcing and construction activities. Extending our efforts beyond our company, we continue to take a leading role in the Swiss Climate Foundation.

Management system and certification

We operate an integrated global management system (GMS) at our Corporate Real Estate & Logistics division, which interlinks quality and environmental management and ensures that similar processes are seamlessly managed. Through a Group-wide systematic reporting process, we monitor our environmental performance and implement appropriate improvement measures.

Environmental objectives and targets are defined centrally at our headquarters, but responsibility for implementing improvement measures also lies with the Corporate Real Estate & Logistics departments of the respective locations.

Up until 2013, our policy was to have our largest locations certified according to the ISO 14001 environmental management standard (www.iso.org). We have since decided to move to a centralised approach and have the whole Corporate Real Estate & Logistics division certified globally according to ISO 14001. The certification process is well underway and is expected to be completed by the end of 2015. As a result, all our employees will be working at locations covered by an ISO 14001-certified environmental management system in the future.

For more information see
swissre.com/corporate_responsibility/reducing_footprint.html

49.3%

Total reduction in CO_2 emissions per employee between 2003 and 2013

1.2%

Total increase in CO_2 emissions per employee in 2014

The Greenhouse Neutral Programme

Climate change has been a strategic priority for Swiss Re for more than 20 years. It is a key topic for a re/insurer, because it is likely to cause more extreme and more frequent weather events, resulting in rising damages and insurance losses. Our strategy to tackle climate change rests on four pillars, one of which is the pledge to reduce our own CO_2 emissions (see page 11).

Our Greenhouse Neutral Programme has been the principal initiative to achieve this goal. Launched in 2003, it originally combined two commitments: firstly, to reduce our CO_2 emissions by 15% per employee (full-time equivalent or FTE) within ten years and, secondly, to fully offset all the remaining emissions by purchasing high-quality emission reduction credits, thus making the company greenhouse neutral for the whole period between 2003 and 2013.

After meeting our initial reduction target well ahead of time, we gradually raised it to 45% per employee. By the end of the programme's first commitment cycle in 2013, we had achieved a total reduction in CO_2 emissions per employee of 49.3% compared to the base year 2003. (Please note that we have had to correct the previously stated figure of 56.5%, because a reporting error concerning business travel in 2013 led to a substantial underestimation of total CO_2 emissions per employee that year.)

CO_2 emissions per employee (full-time equivalent, FTE), Swiss Re Group

	2013	**2014**	Change in %
Power	811[1]	**871**	7.4
Heating	379	**308**	–18.7
Business travel	3 825[2]	**3 923**	2.6
Copy paper	40	**31**	–22.5
Waste	51	**51**	0
Water	11	**12**	9.1
Technical gases	28[3]	**27**	–3.6
Commuting[4]	1 500	**1 500**	0
Total	6 645	**6 723**	1.2

1 The 2013 figure for power has been restated due to an update of the emission factors used for renewable energy.
2 The 2013 figure for business travel has been corrected to account for two calculation adjustments:
a) use of updated emission factors, based on recent scientific evidence regarding the radiative forcing of CO_2 (DEFRA 2014);
b) incompletely reported business flights due to a technical issue.
3 The 2013 figure for technical gases has been restated due to a reporting error at one location.
4 At present, we do not compensate the emissions caused by our employees' commuting.

Underlying environmental data, Swiss Re Group

		2013	**2014**	Change in %
Power	kWh/FTE	4 575	**4 435**	–3.1
Heating	kWh/FTE	1 940	**1 584**	–18.4
Energy intensity	kWh/FTE	6 515	**6 019**	–7.6
Business travel	km/FTE	13 862[1]	**13 931**	0.5
Copy paper	kg/FTE	34	**26**	–23.5
Recycling paper	%	70	**70**	0
FSC label	%	96	**94**	–2.1
Waste	kg/FTE	182	**192**	5.5
Water	m³/FTE	16	**17**	6.3

1 The 2013 figure for business travel has been restated due to incompletely reported flights.

For more information see **swissre.com/corporate_responsibility/greenhouse_neutral.html**

Goals and scope of the programme's second phase
Seamlessly continuing from the Greenhouse Neutral Programme's first ten years, we launched a second commitment phase running from 2013 until 2020. However, we should bear in mind that, after halving our CO_2 emissions per employee in the previous ten years, the potential for further reductions is now much smaller. Our new target is to keep our CO_2 emissions per employee stable at the level of 2013; we consider this to be an ambitious goal in view of our expansive business strategy, especially in high growth markets.

At the same time, we decided to extend the scope of our emissions accounting and reporting. In the programme's first phase, we reported our Scope 1 and Scope 2 emissions (heating and power consumption) as well as a major source of Scope 3 emissions (business travel). In the programme's second phase our reporting also covers the following activities along our supply chain (Scope 3): employee commuting, copy paper use, waste generation, water use and technical gases.

Our commitment to offset the CO_2 emissions we cannot avoid now includes paper, waste, water and technical gases, in addition to power, heating and business travel.

Goals of the Greenhouse Neutral Programme – Phase 2:
- Maintain emissions reductions we achieved over the last ten years regarding power consumption, heating and business travel;
- Reduce energy intensity (power consumption and heating) by 2% per year (kWh/FTE);
- Fully offset the remaining emissions from the three former and four new sources.

In 2014, our total CO_2 emissions per employee increased by 1.2%, mainly driven by a rise in business travel. Although we managed to achieve a further reduction in internal energy consumption (power and heating), this was not enough to outweigh the additional emissions caused by business travel.

Using renewable power
Purchasing power from renewable rather than conventional sources has been a key measure of our Greenhouse Neutral Programme. After starting to use renewable power at four European locations in 2005, we set ourselves the goal of using 100% renewable power at all locations where it is available in reliable and trustworthy quality by the end of 2013. Based on our quality assessments of available energy sources, we believe we reached this goal and used 100% renewable power at 25 locations in Asia, Europe, North America and Oceania at the end of 2013.

In making these quality assessments and selecting suitable sources, we have relied on a "minimum standard" that clearly states how we define renewable power and what requirements it needs to meet. At our Zurich headquarters, for example, we only buy "naturemade star" electricity (www.naturemade.ch), which meets high ecological quality standards in its production, beyond those required by environmental legislation. In Munich, we purchase our electricity from NaturEnergie (www.naturenergie.de), one of Germany's premier suppliers of renewable energy.

The RE100 initiative
In many countries where we want to grow our business, there is a lack of renewable energy supplies in reliable quality. Currently, around 10% of the power we use globally still comes from non-renewable sources. This is a key reason why we have helped to establish the Climate Group's RE100 initiative as a founding member.

Officially launched at the sixth Climate Week NYC (www.climateweeknyc.org) in September 2014, RE100 aims to unite 100 of the world's largest companies in a shared commitment to use 100% renewable power by 2020. The group approaches policy makers and regulators at national and sub-national level to make renewable energy more available, focusing on countries such as China, India, Brazil and South Africa over the next three years.

theRE100.org

Reducing energy consumption
In parallel with our switch to using renewable power, we have made continuous efforts to lower the actual amount of energy consumed per employee, ie to reduce our energy intensity. For this, we also established a Group-wide goal: Measured in kWh per employee (FTE), we committed to reducing energy intensity by 20% compared with 2003 levels. Through many small measures to improve energy efficiency and by concentrating back-office tasks in fewer and more energy-efficient buildings, we met and clearly exceeded this goal. At the end of 2013, energy intensity across the Group was 46.5% lower than in 2003.

For the second phase of our Greenhouse Neutral Programme (base year 2013) we committed ourselves to reducing energy intensity by 2% per year. In 2014, we exceeded this goal and reduced our energy intensity by 7.6%. The main reason for this was an 18.4% decrease in energy used for heating. While the unusually warm winter in Switzerland and our expansion into warmer regions with less demand for heating contributed to this achievement, we also continued to decommission existing office buildings and move into new ones equipped with more efficient heating systems, eg heat pumps.

46.5%

Reduction in energy intensity per employee between 2003 and 2013

7.6%

Reduction in energy intensity per employee in 2014

Minimising business travel
Because of the substantial cuts we have achieved in CO_2 emissions from power consumption and heating since 2003, business travel today constitutes Swiss Re's largest emissions source by far. While business travel is ultimately driven by client needs and is thus difficult to influence, we have taken several measures to curb unnecessary business trips. Travel budgets are continuously monitored and travel data are collected centrally.

We have also built up a dense network of video conferencing equipment across the Group. Recently, we have partly replaced these facilities with state-of-the-art telepresence technology, which creates a real-time, life-size virtual meeting experience in specially designed rooms. By the end of 2014, we had 80 video conferencing rooms and 64 telepresence facilities worldwide.

Despite these measures, the amount of kilometres travelled per employee and the associated emissions have been rising in recent years. The general recovery in the business environment after the financial crisis and the realignment of our corporate structure by creating a holding company with three distinct Business Units have been important factors; recently, however, the increase in business travel has been strongly driven by our ongoing expansion in high growth markets.

Our recent financial results show that our new Group structure and our strategic focus on high growth markets have benefited our clients and shareholders. In essence, we thus face a dilemma between two objectives: necessary adaptation to create economic value in a changing world, and reducing environmental impacts.

We remain committed to curbing unnecessary business travel and in 2014 introduced an innovative mechanism that creates an incentive to minimise air travel, which accounts for the bulk of business travel (see box to the right).

Internal carbon levy on air travel
Offsetting those CO_2 emissions we cannot avoid has been a key element of our Greenhouse Neutral Programme. In the past, all the costs of purchasing the necessary Voluntary Emissions Reductions have been borne centrally by Group Finance. In 2014, we introduced an internal carbon levy on air travel, which works according to the "polluter pays" principle.

As a result, our offsetting costs are now allocated to the Group's Global Functions in proportion to their respective share of air travel. This internal price on carbon heightens awareness of travel costs among our managers and employees and creates a further incentive to reduce air travel, in addition to flight costs.

Paper, water and waste
As explained above, we expanded the scope of our emissions accounting in 2014 to include copy paper, water consumption and waste disposal, and have committed ourselves to offsetting the emissions from these additional three sources until 2020.

The overview of all our emissions sources (see table on page 45) shows that paper, water and waste are of much less relevance in our business than other environmental impacts. Furthermore, water use and waste generation are difficult to influence at locations where we rent office space. Having said this, in the office buildings we own ourselves we require appliances to meet high standards of water efficiency.

Paper use, on the other hand, is much more responsive to managerial action. Although we have not set any quantitative targets, we have taken a number of measures to reduce the average amount of paper used by our employees in recent years. These include our Group Document Induction Process, which offers a coordinated scanning service wherever it is requested, and encouraging our employees to use double-sided printing by setting it as the default option on our computers. As a result, we managed to reduce our paper use by more than 60% per employee between 2003 and 2013.

In 2014, we achieved another substantial decrease in paper use per employee, mainly through the My Productivity Initiative: Using a gamification approach, we encouraged our employees to compete as teams against each other to see who could achieve the biggest cut in paper consumption. As a result, the total amount of printouts in the Group fell by 27%, leading to a decrease in paper consumption of 22.5% and cost savings of approximately USD 350 000.

We also have guidelines in place to ensure that we use copy paper of a high ecological quality. Through our Group Sourcing Policy and our "minimum standard for copy paper", we set clear environmental requirements for the type of paper we purchase (see page 50). In 2014, the share of recycled paper remained stable at 70%, while that of FSC-labelled paper fell slightly, from 96% to 94%.

Water consumption and waste generation increased somewhat in 2014, after a fall in the previous year. It needs to be stressed, though, that data quality is moderate at best for both, so we do not consider the rise to be significant.

Offsetting our remaining CO_2 emissions

The second commitment of our Greenhouse Neutral Programme is to compensate all CO_2 emissions that remain after our reduction efforts. For the first phase of the Greenhouse Neutral Programme between 2003 and 2013, we bought and retired high-quality Voluntary Emissions Reductions (VERs) for a total of 553 000 tonnes of CO_{2e}.

In 2014, we calculated our CO_2 emissions according to our new, extended setup for the first time (see table on page 45). To offset these emissions, we bought and retired VERs for 69 800 tonnes of CO_{2e}. This amount includes an additional voluntary commitment to offset the CO_2 emissions caused by events held at our Centre for Global Dialogue in Rüschlikon near Zurich.

We are keen to ensure that the VERs we buy are of a high environmental standard. Therefore, we have developed a set of criteria to select projects that generate certificates. In particular, we give priority to those which create strong social side-effects and benefit the poorest regions.

External verification of our CO_2 reporting

From the very start of our Greenhouse Neutral Programme in 2003, we have disclosed our CO_2 emissions, their principal sources and relative performance over time. Both for the programme's first phase and its current second phase, we have calculated our emissions based on the guidelines of the Greenhouse Gas Protocol, the most widely-used emissions accounting standard (www.ghgprotocol.org).

Before our emission figures are published, PricewaterhouseCoopers checks them to verify our calculations. Their complete assurance report, which covers this and the four other main chapters, is included on pages 70–71.

Clean cooking stoves and water filters for Kenya

One of the principal CO_2 offsetting projects we supported in 2014 is based in Kenya. Despite being East Africa's biggest and most advanced economy, Kenya is still a poor country in wide areas: It is estimated that half the population lives in absolute poverty. Two of the biggest challenges involve the burning of wood and biomass, and the lack of access to clean drinking water. By funding improved cooking stoves and chlorine dispensers, the project addresses both these challenges.

Firewood and biomass fuels put immense pressure on natural resources in Kenya (and East African countries in general). In the last 15 years alone, the region has lost over 10% of its forest cover. The project funds high-quality and efficient cooking stoves that can cut demand for firewood by 50%. These stoves are offered to poor families at reduced prices. Not only does this slow down deforestation, it also improves indoor air quality and means women and children need to spend far less time collecting wood. By the end of 2014, more than 128 000 stoves were distributed.

In rural Kenya, over 65% of all people lack access to clean drinking water, which exposes them to diarrhoea, cholera and other water-borne diseases. To improve water treatment, chlorine dispensers are being installed at communal water points such as springs and boreholes. This further reduces the demand for firewood, because families no longer have to sterilise water by boiling it. By the end of 2014, more than 80 000 chlorine dispensers were distributed.

In total, the lower rates of deforestation achieved by the project's two measures prevent around 20 000 tonnes of CO_2 from being released into the atmosphere per year. The revenues generated by these emissions reductions have made it possible to secure investment for subsidising the manufacture and sale of the stoves and chlorine dispensers.

Group sourcing policy and minimum standards

As a re/insurance company, Swiss Re does not have an extensive supply chain. Our core business does not require us to buy intermediate inputs like a manufacturing company. However, to run our operations, we need a range of goods and services.

When procuring these goods and services, we apply general and individual criteria. In line with our overarching Group Sourcing Policy, we select suppliers that offer the best value for money, meet high quality standards and adhere to the UN Global Compact. As a signatory to the Compact, we are committed to honouring all its ten principles; amongst other things, these prohibit any sort of discrimination or the use of child or forced labour, and require that the freedom of association and the right to collective bargaining be upheld.

We consider environmental criteria relating to materials and ingredients, production methods, recycling and waste. For some sourcing categories, we have developed "minimum standards" that further specify our requirements: besides power (see page 46) and paper (see page 48), these cover office supplies, cleaning services and agents, furniture and building materials. Each standard lists objectives, ecological aspects, ecological minimum standards, exceptions, controlling and labels.

When selecting new suppliers, we examine whether they comply with these requirements as part of the overall evaluation process. We take a fresh look at existing strategic suppliers in our periodical contract reviews, and we visit individual suppliers to inspect them onsite. Internally, we hold regular awareness trainings with all our sourcing staff.

In 2014, we screened our critical, important and material (CIM) suppliers using a risk-based approach: It included country and industry specific sustainability criteria established through our Sustainability Risk Framework (see pages 22–26) as well as specific country risk ratings (see page 33). The assessment did not reveal any significant sustainability or reputational risks among our CIM suppliers.

Sustainable construction and Swiss Re Next

Swiss Re has around 70 offices in more than 30 countries. For new building or renovation work, we apply a number of principles. One of them is sustainability, which translates into criteria such as stringent construction standards, high-quality fittings and finishes, a comfortable ambient climate, environmentally sound, durable materials, low energy consumption and

The groundwork is being laid for Swiss Re Next, our new headquarter building that will set a leading example of sustainable construction. The "strut platform" shown in the picture was erected to support and preserve the existing excavation enclosure made of of 60 cm thick reinforced concrete. Originally constructed in the 1960s for the previous *Neubau* building, it is still in superb condition today.

Swiss Re Next online
Extensive background information on the Swiss Re Next project and its progress is available on a special website at next.swissre.com.

low maintenance and running costs. Constructing or renovating an office building in line with such sustainability criteria is the most effective way to minimise its environmental footprint.

For construction projects in Switzerland, the applicable criteria are defined in detail in the Energy Mission Statement of Swiss Re, Zurich: They stipulate that new buildings need to conform to the MINERGIE® standard (www.minergie.ch), a Swiss quality label specifying high levels of energy efficiency and superior user comfort. When we renovate old buildings, this standard is to be applied if feasible from an architectural, technical and financial perspective. Our pension fund in Switzerland applies the same criteria for all its direct investments into real estate projects.

In practice, we usually go beyond these requirements and use further standards such as MINERGIE-ECO® – which also includes health criteria and demands on building materials – and, more recently, MINERGIE-P-ECO®, which specifies the characteristics of a "passive house" that consumes even less energy than a MINERGIE®-certified building.

Swiss Re Next
Under the title of Swiss Re Next, we are currently constructing a replacement building for the *Neubau* ("new building") at the Group's Zurich headquarters. From the start, sustainability was defined as one of the key features of the project: Our goal is to be awarded the MINERGIE-P-ECO® certificate as well as the highest certification level of the US LEED system – LEED Platinum. We recently received the preliminary MINERGIE®-P-ECO certificate and successfully passed the LEED design review.

Swiss Re Next is not a greenfield project: It is being constructed in the same place where the previous *Neubau* stood, on an urban site surrounded by roads as well as office and residential buildings. This is challenging at the best of times, but things are complicated further by the fact that the site is located on artificial land created in the 19th century when the quayside areas of lower Lake Zurich were developed. The bedrock only begins some 30 metres below the ground. Thus, when the original *Neubau* building was erected in the 1960s, the engineers had to construct a special excavation enclosure, consisting of a 60 cm thick trench wall made from reinforced concrete: It has the shape of a giant sump and extends 25 metres into the construction ground.

This trench wall is still in superb condition today. Therefore, the most desirable and sustainable solution was to keep it and reuse it as the excavation enclosure for Swiss Re Next. As long as the previous building was in place, the trench wall was supported by the basement floors against the horizontal forces of earth and water pressure outside. But as the building was gradually demolished down to the basement floors, a different support structure was required for the wall. For this purpose, a "strut platform" consisting of 988 tonnes of steel was constructed and pre-stressed by hydraulic pressure.

The presence of this strut platform has made it possible to demolish all the basement floors, right down to the old floor slab. It will be dismantled when the ceiling above the second basement floor is completed.

The CO_{you2} Programme

Reducing our own CO_2 emissions is one of four pillars of our climate change strategy (see page 11). In 2007, we launched the CO_{you2} Programme because we wanted to make our commitment more tangible for our employees and help them to become more aware of climate change. The programme offers subsidies for a range of investments through which our employees can reduce their own carbon footprints. To our knowledge, it was the first global corporate initiative of its kind when we launched it.

The investment options eligible for subsidies are clearly specified in the programme. Some of them are supported at all our locations, while others vary to account for regional differences in climate, living conditions etc. Our subsidies cover 50% of the investment amount up to a locally determined maximum allowance. The programme is open to all regular employees who have successfully completed their probation period and have been with Swiss Re for a minimum period of time (currently three months).

In the first seven years of its existence, the programme was a resounding success: In total, we granted more than 9 000 subsidies. In view of this, we decided to start a new seven-year cycle, running from 2014 until 2020, for which all our regular employees have a new subsidy allowance. In 2014, we granted a total of 2 268 subsidies.

Amongst the largest Swiss Re locations, uptakes per employee were highest in Slovakia, Germany and Switzerland. Our office in Slovakia has witnessed particularly strong growth recently and many new employees made use of the opportunity to claim subsidies in 2014. In Europe, in general, mobility is a popular category, with bicycles the most common type of subsidy.

China is another location that has seen strong growth and, consequently, a high rate of subsidies. Energy efficient home appliances were particularly popular there, as elsewhere in Asia.

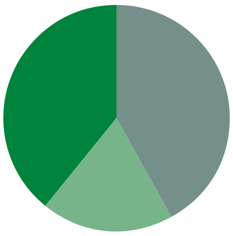
In the US there was a spike in subsidies for home energy audits and installations of windows and doors following the cold spell between December 2013 and April 2014. Home appliances and more expensive home infrastructure subsidies were both popular subsidy categories across the Americas region.

2 268

CO_{you2} subsidies granted to our employees in 2014

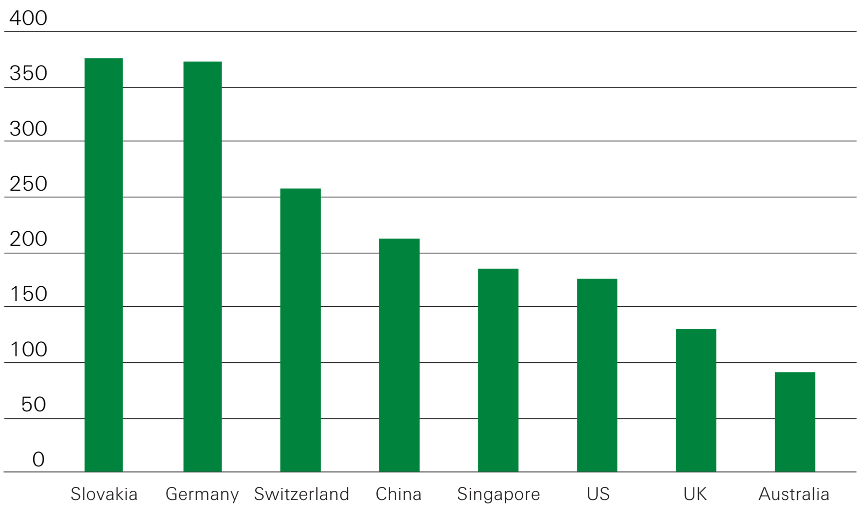
For more information see **swissre.com/corporate_responsibility/coyou2_programme.html**

CO_{you2} payouts in 2014, by category



- 42% Home appliances
- 19% Home infrastructure
- 39% Mobility

Number of CO_{you2} payouts in 2014, per 1000 employees



Partner initiative: The Swiss Climate Foundation

In 2008, we set up the Swiss Climate Foundation with a number of partner companies. It was a response to the introduction of the Swiss CO_2 law, which provides the basis for the CO_2 levy on heating fuels in Switzerland. This levy is not a proper tax but an environmental market mechanism: It imposes a charge on the use of heating fuels and then reimburses the money thus raised – to private companies proportionate to their total salary expenses. For financial service providers, who use relatively small amounts of heating fuel but employ large workforces, this means they receive a total "net reimbursement".

The purpose of the Swiss Climate Foundation is to collect these funds and to use them to support various climate-friendly projects undertaken by small and medium-sized companies (SMEs) in Switzerland. In 2012, the Foundation broadened its scope and started to collaborate with the LIFE Climate Foundation Liechtenstein, generating more partner companies and enabling SMEs in Liechtenstein to benefit from the funds, too. By the end of 2014, 26 renowned financial service providers from Switzerland and Liechtenstein were partner companies of the Swiss Climate Foundation.

Since becoming operational in 2009, the Swiss Climate Foundation has supported more than 900 SMEs in Switzerland and Liechtenstein with CHF 12 million in total. In 2014, 470 SMEs were supported with a total of CHF 2 million. These projects are expected to help avoid about 65 000 tonnes of CO_2 emissions over the next ten years.

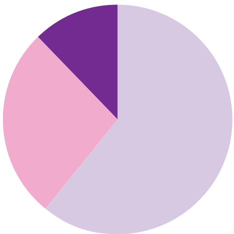
In addition to paying our net levy reimbursement, Swiss Re has been sponsoring the Foundation's managing director position since it was established in 2008.

For more information see
swiss-climate-foundation.ch

Being an employer of choice

Our goal is to attract talented people from a broad range of disciplines and backgrounds. We offer them a culture of diversity and inclusion, excellent development opportunities, a supportive environment and attractive total rewards.

Employees by region
as of 31 December 2014



- 61% Europe (including Middle East and Africa)
- 27% Americas
- 12% Asia-Pacific

Swiss Re's mission is to be the leading player in the re/insurance industry. We want to be the preferred partner for our clients – earning their long-term trust and confidence, and delivering a service unmatched elsewhere in the market.

Our employees are the key to fulfilling this mission, through the skills, diversity, talent and commitment they bring to us. Our goal is to be seen as an employer of choice that can attract talents from around the world and offer them a place to succeed.

We consider four areas as key to being an employer of choice: we foster diversity and inclusion; we provide excellent development and training opportunities; we work to maintain favourable employee relations; and we offer competitive compensation and benefits.

We continually seek to further develop our employees: By focusing both on *what* was achieved and *how* it was achieved, we encourage them to build strong relationships within our company.

Swiss Re is a global company with a presence in all major markets. As of 31 December 2014, we employed 12 224 people (regular staff) from 89 nationalities. Currently, 61% of our employees work in Europe (including the Middle East and Africa), 27% in the Americas and 12% in the Asia-Pacific region.

Employee data

	2012	2013	**2014**
Total headcount regular employees	11 193	11 574	**12 224**
Full-time	10 237	10 611	**11 159**
Part-time	956	963	**947**
Temporary employees	373	244	**271**
Turnover rate (incl. company sales)	10.1%	8.0%	**9.8%**
Voluntary	5.0%	5.5%	**6.6%**
Involuntary	5.1%	2.5%	**3.2%**
Average tenure regular staff (years)	9.0	9.1	**9.3**

Asia Insurance Industry Award
At the 2014 Asia Insurance Industry Awards, we won three of the coveted awards conferred by the Asia Insurance Review. One of them was its first-ever Employer of the Year award. We were honoured for our various development and training initiatives, such as the High Growth Development Programme and the graduates@swissre programme and also received praise for our Own the Way You Work™: Living Team Spirit initiative, which gives our employees more autonomy to organise their work. We see the award as confirmation that we are moving in the right direction in attracting and developing the talented people that will help us and our clients to achieve our objectives.

Sharon Ooi, Head of P&C Reinsurance, Southeast Asia, India & Dragons, receives the 2014 Employer of the Year award on behalf of Swiss Re.

Diversity and inclusion

We aim to be a leading employer that attracts talented people from a broad range of disciplines and backgrounds. By fostering a culture of inclusion, we can leverage and grow the diversity of our workforce. Our diversity and inclusion (D&I) vision is "to see, feel and live diversity – diversity of gender, race, ethnicity, generation, sexual orientation (LGBT), physical abilities and experiences – at all levels, functions and regions of Swiss Re".

Such an inclusive corporate culture is essential for a diverse workforce, given the diversity of thought, opinion and experience this helps to create. In essence, inclusion is about respecting the uniqueness of every individual and about providing an atmosphere in which everyone feels valued and empowered to perform at a consistently high level. Thus diversity and inclusion is motivating for our employees, helps to attract fresh talent and is good for bottom-line results.

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

There is strong evidence that diverse teams outperform non-diverse ones. As diverse teams avoid group think – and therefore institutional blindness – they can respond more quickly to changes in the external environment. Furthermore, a strong representation of local talent is crucial to developing new markets, which is one of our key strategic priorities.

To foster diversity and inclusion across the whole organisation, we have set up a comprehensive strategic framework. Backed by the Group CEO and the Group Executive Committee, our diversity & inclusion agenda is driven by a network of 35 D&I Champions, who are senior managers from a wide range of business units, in addition to multiple geographically-based D&I Councils and 25 inclusive employee networks at grassroots level worldwide.

Our Global Inclusion Framework
Our Global Inclusion Framework rests on three pillars:

Recognising the important role each of our managers plays in fostering an inclusive culture and benefiting from its strengths, the framework's first pillar focuses on Inclusive Leadership. We have developed Inclusive Leadership Principles that describe exactly what behaviours we expect of our leaders and managers to foster an inclusive work environment for all employees. These are firmly embedded in our Leadership Imperatives – our behavioural framework for leaders that support our strategy, values and brand attributes – and our leadership development curriculum. To make these principles tangible for all our employees, we have also included them in our Personal Imperatives – our behavioural framework for all employees without line management responsibilities – and embedded both the Leadership Imperatives and Personal Imperatives into our performance management framework.

The second pillar Smashing Stereotypes, Opening Minds tackles stereotyping of people based on all dimensions of diversity. It centres on raising awareness of the "unconscious bias" that every one of us has and which can unintentionally influence our decision-making and our behaviour towards others.

Through awareness events as well as face-to-face and web-based training, employees participate in dialogues that increase self-awareness of unconscious biases such as those related to generations, sexual orientation and gender. Training on inclusive leadership and overcoming these unconscious biases has also been embedded into our leadership development and manager training.

Our third pillar is Own the Way You Work™: Living Team Spirit. This is a cultural change initiative, which gives managers and employees more autonomy to decide how, when and where work is carried out, within applicable laws, rules and regulations. Our future success depends on our ability to create a flexible, global work-force that is responsive to the needs of our business. We have already made good progress in advancing our employment brand internally and externally in this area, thus meeting the needs of a multi-generational workforce.

As part of our efforts to promote gender balance, we recently started the assessment process for a leading certification standard in gender equality, beginning with our Switzerland-based operations. In the UK, we have launched a similar process to achieve equality and foster inclusion of our LGBT employees. These assessments are just two of the many initiatives currently underway to improve the inclusiveness of our workplace.

In line with Swiss Re's policy of fostering diversity, we have strong provisions in place to penalise any infringing behaviour. Our Group Code of Conduct clearly states that discrimination in the workplace against any employee or job applicant based on the person's age, (dis)ability, origin, gender, religion or sexual orientation (or any other characteristic protected by local law) is not tolerated under any circumstances. We encourage our employees to report violations of the Group Code of Conduct, laws, rules or regulations, explicitly stating that reporting in good faith is treated with discretion and that retaliation will not be tolerated.

Women in management positions (in %)

	2012	2013	**2014**
Total workforce	47.3	46.8	**46.3**
Executive/senior management positions*	21.7	21.5	**21.4**
All management positions*	30.7	31.1	**31.5**

* "Executive/senior management positions" comprises the management levels of Director/Senior Vice President upwards.
"All management positions" refers to Vice President and above.

Learning data*

	2012	2013	**2014**
Total learning hours recorded	172 120	163 305	**159 551**
Learning hours per employee	15.4	14.1	**13.1**
Learning costs per employee (in USD)	1 900	1 800	**1 500**

* To align with general reporting standards, we changed the basis for the calculation of our learning data from "employees trained" to "employees" (ie total headcount regular employees), and adjusted the 2012 and 2013 data accordingly.

Development and training

Developing our people at every level and in all functions remains a strong focus for Swiss Re. By offering our employees first-class development and training opportunities, we create significant mutual benefits: Highly skilled employees help Swiss Re retain a competitive edge in ever-changing market conditions. In return, as a global market leader, we can offer our employees exciting and fulfilling career prospects.

Our approach

Professional and personal development at Swiss Re combines technical, professional and leadership skills training. We design our training internally or in collaboration with leading external partners and deliver it through our long-established Swiss Re Academy.

Swiss Re Academy has developed extensive professional and personal development curricula to respond to changing business needs. Currently, we offer more than 730 different training courses. Our employees and line managers attend training in areas as diverse as underwriting, finance, sales and negotiation, leadership, diversity and inclusion, interpersonal skills, project management, office tools and language skills. Certain courses, such as compliance training, are mandatory. Employees who work directly with our clients are recommended to invest at least two days per year in formal sales training.

To support the professional development of our employees, Swiss Re Academy provides a portfolio of "blended" learning paths, combining face-to-face learning, eLearning, peer-to-peer coaching and virtual classrooms. Together, they offer a flexible approach to learning. Topics addressed in blended learning paths include communication skills, conflict handling, influencing skills, presentation skills, and remote managing and working.

Swiss Re Academy in numbers

In 2014, all our employees took part in our development and training programmes. They completed 159 551 hours of training overall, averaging 13.1 hours and USD 1 500 per employee.

Total learning hours recorded in 2012 were noticeably higher due to increased activity in compliance risk training. As a general trend over the past three years, we have observed that employees tend to prefer to learn online, thus spending fewer hours in the classroom and contributing to a decrease in average learning costs.

In support of our flexible development and training philosophy, the Swiss Re Academy intranet site gives our employees easy access to our global learning catalogue, links to regional learning offerings and a multimedia library. Close to 80% of our training is delivered through eLearning formats. Using such online learning formats reduces the need for our employees to travel and spend time away from the office, while supporting our commitment to reducing our carbon footprint.

Our value proposition for clients and other stakeholders

Swiss Re Academy also provides industry-leading insurance and finance training to clients, regulators, government officials and members of non-governmental organisations. These courses are tailored to different global markets and client needs. In 2014, the Academy trained 939 representatives from clients and other stakeholders onsite in classroom sessions. The feedback on our external client training courses continued to be very positive. Also in 2014, Swiss Re Academy launched an eLearning portal for clients based in South Africa and the Americas, increasing their access to cost effective training opportunities.

Career development at Swiss Re

Our philosophy at Swiss Re is that career development is a shared responsibility between each employee, his or her line manager and the company. We encourage our employees to think in terms of a multidimensional career "lattice" and not just a vertical career ladder. There is no single, pre-set career path at Swiss Re; rather, the paths are as diverse as the individuals working in our company.

Our Virtual Career Centre (VCC) supports and embeds this philosophy. It includes extensive information about different roles in the organisation, and brings together useful tools that our employees can use to raise their self-awareness, to reflect and to plan their career. The number of employees who used the VCC averaged 1 459 per month in 2014, with a peak of 1 901 in February.

In line with our Leadership and Personal Imperatives, we have developed a growth survey tool involving a 360° process. This survey is designed to provide feedback on the effectiveness of leaders and experts as well as to identify areas of further development. In 2014, 150 leaders conducted the survey during the enrolment process for our internal leadership programmes.

Mentoring

We also offer our employees a mentoring programme. In a mentoring relationship, a person with less experience in any area of business or personal development ("mentee") is matched with a more experienced person ("mentor"), who acts as an active listener and guide. This offers a confidential relationship outside the reporting line that helps individuals develop their skills, knowledge and behaviours as well as to move successfully through times of change and transition. Our VCC includes a special search tool that helps our employees identify potential mentors.

As part of the enrolment process for two of our senior leadership programmes, we established cross-divisional mentoring relationships with our senior leaders. 120 employees benefited from this valuable opportunity during their 15-month programme.

As mentoring is by nature "self-organising", it is not possible to provide exact statistics on how many of our employees and managers are formally involved in a mentoring relationship, but an estimated 500 people are currently listed as interested in being mentored or offering to be a mentor.

Intensifying senior management development

In today's business environment, which is characterised by increased competition, volatility, uncertainty and complexity, strong leadership capabilities are vital for Swiss Re to be successful and to remain a global market leader. For the future, we have set ourselves the ambitious goal of strengthening the leadership capabilities of our senior leaders.

In 2013, we began offering executive development programmes and selective master classes that focus on leadership. They aim to create a common understanding of how to drive Swiss Re forward and how to develop leaders consistently across the entire Group.

Our Early Joiners programmes

Each year, the graduates@swissre programme provides entry positions for around 50 university graduates who have little or no work experience. It offers an excellent opportunity for young talents to discover the exciting world of a leading global re/insurer.

Over a period of 18 months, the graduates receive on-the-job training in their respective functions. They also attend a number of classroom-based training sessions which are specifically designed for the programme and focus on Swiss Re's core business areas. At the end of 2014, there were about 320 employees who had either completed the programme since its launch in 2007 or were participating in it. They are employed across many different functions and regions.

Swiss Re also offers around 65 internship positions in Europe, India and the US each year. The interns@swissre programme is mainly aimed at university students who are pursuing a Bachelor's or Master's degree, and at graduates with less than one year of full-time work experience. Interns join teams in core business areas, where they take on specific tasks and various projects. In India, the US and the UK we offer traditional summer internships that typically last between 8 and 12 weeks, while in Germany and Switzerland the internships usually span three to six months.

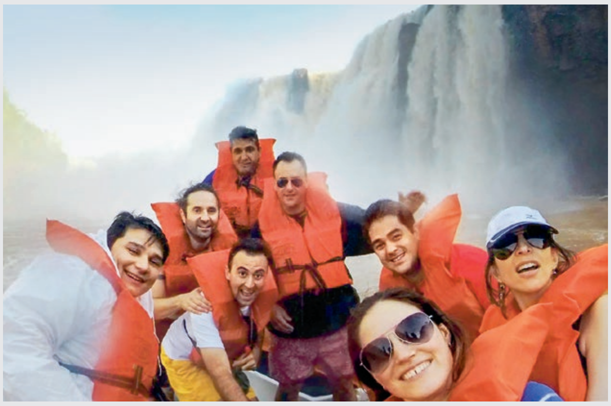
In three locations we offer a Junior Power programme. Originally launched in Zurich in 1981, it was also introduced in Munich in 2008 and, most recently, in London in 2014. In total, we have developed over 550 apprentices and trainees through the programme. Currently, a total of 90 apprentices and trainees, aged between 15 and 25, participate in it and are being trained in a broad range of occupations. We provide them with an innovative and high-quality learning environment that enables them to build up the competencies and skills they need for the labour market. In this way, we also make a positive contribution to youth employment.

In turn, our apprentices and trainees contribute to the success of their respective teams, add new perspectives to Swiss Re and challenge established practices. We offer training for business roles, computer specialists, chefs, hotel housekeepers and media specialists. About 25% of all our former apprentices and trainees are still working at Swiss Re.

Participants of our Early Joiner programmes have said that they particularly appreciate the multicultural and open environment we offer, as well as the daily exchange with specialists from various disciplines.

For more information see
swissre.com/careers/recent_graduates/

For more information see
swissre.com/careers/apprenticeships/



Impressions from our High Growth Development Programme for Latin America: Carrying the team spirit from their working groups with them, the participants also spent some fun time together at the Iguaçu waterfalls.

High Growth Development Programme

Our High Growth Development Programmes (HGDP) is a specialised development programme for promising and talented employees from high growth markets or working for high growth markets. It is designed to prepare these leaders for the specific challenges and opportunities of high growth markets.

Sponsored by senior executives, the participants work in small groups on real business challenges and are tasked with delivering innovative solutions to global business leaders.

An HGDP runs over the course of 12 months and includes three face-to-face modules at high growth locations. Currently, we offer the programme for Latin America and Asia.

This unique programme was cited as one of the reasons why we won the first-ever Employer of the Year award conferred by the Asia Insurance Review at the 2014 Asia Insurance Industry Awards (see page 55).

Employee relations

Swiss Re sets high standards in terms of caring for the physical and mental wellbeing of its employees. Our services not only provide support to our employees, they also help to preserve valuable skills and know-how.

Assistance and prevention
We regularly review and enhance our prevention and support services. Our goal is to help employees take a constructive approach to their own health, while improving and retaining their ability to perform. This also supports their sense of wellbeing and ability to balance work and family life.

Examples of prevention activities carried out in 2014 include a Lunch & Learn session in Switzerland dedicated to early stress detection and how to cope with it. We also offer our employees individual self-assessments, accompanied by coaching sessions. Building on earlier health programmes in Zurich, we organised health management initiatives for our employees in Bangalore and Bratislava. In Munich we held a series of seminars focusing on mindfulness in stressful situations.

In the UK, we introduced the "Healthy Me" initiative, which is designed to support and encourage our employees' wellbeing by focusing both on a healthy body and a healthy mind. In the US, we held health fairs in Armonk and Kansas City and offered biometric screenings and flu shot events.

To accommodate the needs of working parents, we have a number of initiatives in place. Last year, 143 children in Switzerland attended our one-week vacation programmes during the spring and summer school holidays, enabling their parents to continue working. We also offer a number of reserved places at day care centres in and around Zurich. Furthermore, our external childcare provider helps parents find emergency nannies and gives guidance in all questions related to childcare as well as for adult and elder care.

As part of the Parents@Swiss Re initiative, which was launched in 2012 to provide important information on pregnancy and parenthood, we created a brochure and an online support page for employees in Munich and Bratislava. Both our Bangalore and Bratislava locations organised local childcare events to support employees with children. Munich held a two-week summer vacation programme and organised childcare support for various public holidays in November to assist working parents.

In the UK, a well-established range of family services is available to meet the typical challenges faced by working parents and carers. Services include offering employees a certain number of emergency childcare sessions or school holiday cover, as well as providing back-up adult and elder care.

Employee engagement surveys
We aspire to communicate openly and transparently with our employees. An integral part of this is having a constructive dialogue across the whole Group on how we want to develop our corporate culture and live our corporate strategy. One way we do this is through our employee engagement survey, which asks employees for their views on over 70 questions. The most recent surveys were taken in 2011 and 2013, with the next one planned for 2015. We have redesigned our engagement survey to better identify barriers to performance and to measure progress on our Human Capital Strategy 2015–2020. From 2015 onwards we plan to run the survey annually.

Employee health data:
Sick leave days, Switzerland regular staff

	2012	2013	**2014**
Number of employees	3 171	3 259	**3 321**
Number of employees who have recorded absence due to illness	1 918	1 893	**1 900**
Average number of sick days	6.9	7.0	**7.4**

Employee groups
We are a signatory to the UN Global Compact and support its ten principles in the areas of human rights, labour, the environment and anti-corruption. Many of our locations have active employee groups. These employee representatives play an important part in the company's success by contributing valuable perspectives and by helping to identify employment-related challenges.

These bodies are elected by local employees and have clearly defined information and consultation rights. Although there are significant local differences in the applicable legislation, their rights typically concern:
- Working conditions
- Benefits
- Reorganisation and restructuring
- Redundancies
- Disciplinary actions and conflict cases

At our Zurich headquarters, where almost a third of our total workforce is employed, we work closely with the Personnel Committee (PECO). Representing the interests of all Zurich employees, PECO aims to create and maintain a positive working environment. It is involved in changes or adaptions to the General Working Conditions or other important policies such as the Social Plan. The Committee also seeks to ensure the *de facto* equality of men and women, and places special emphasis on the challenges faced by employees with family obligations.

In the UK, Swiss Re has an Employee Liaison Group (ELG), consisting of representatives from across all functions, who are elected by employees for a two-year term. The ELG provides a forum for employee representatives and managers to discuss company policy and practices which affect all employees. It is legally recognised as the collective consultation body for redundancy purposes. When a business unit is likely to be affected by proposed collective redundancies, the respective employee representatives are consulted.

At our Munich office we have a Works Council with clearly defined co-determination rights in several areas. It has the legal obligation to support topics such as diversity, development and training, career opportunities and work-life balance. The eleven members of the Works Council are elected by the employees for four years.

Our smaller branches in Europe (eg France, Italy, Luxembourg, Denmark) also have Works Councils or Staff Delegates, depending on the size of the branch and local regulations.

Networks
Our former employees have helped to make Swiss Re what it is today and form an essential part of our extended employee community. They remain important stakeholders for Swiss Re. Furthermore, as many of our alumni work for our clients, they also help to deepen our client relationships.

Through the Swiss Re Alumni Network, we offer our former employees the opportunity to continue sharing their knowledge and experience and to keep in contact with colleagues. Currently, there are more than 3 200 active members.

The network also includes our retirees. This important group of stakeholders continues to take great interest in the company. Through extended access rights we enable them to read news items and utilise resources that are normally available to employees only.

The Senior Consultants initiative, introduced as a pilot in 2012, has continued to grow and was officially launched in 2014. The initiative gives our retirees the opportunity to get involved in specific projects on a part-time basis. This is a beneficial situation for all involved: Swiss Re gains access to people with extensive knowledge of our company and business, while the retirees can continue to work flexibly.

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

Compensation and benefits

Swiss Re is committed to a compensation system that is balanced and performance-oriented, and which aligns the interests of both shareholders and employees. Our compensation framework is designed to attract, motivate and retain the qualified talent the Group needs to succeed, while creating a tangible link between performance and pay. The aim is to provide compensation that is competitive in local labour markets, while ensuring that employees focus on delivering outstanding results considering our business strategy, targets, risk awareness and corporate values.

For most employees, total compensation comprises the base salary and the Annual Performance Incentive (API), which includes communication of the individual target incentive that influences the level of payout when business and individual performance objectives are achieved.

Swiss Re uses additional incentive programmes which reflect the longer-term nature of our business: Both the Value Alignment Incentive Plan (VAI), which is the deferred part of the API, and the Leadership Performance Plan (LPP) aim to reward sustained performance and long-term company success, rather than short-term results. This helps to align shareholder and employee interests more closely. The VAI applies for employees who have an API in excess of a defined threshold, and the LPP is awarded to our senior executives and select key employees.

We also encourage our employees to own Swiss Re shares by providing the Global Share Participation Plan (GSPP) and the Incentive Share Plan (for all employees who receive an API – such employee can elect to receive his or her API in form of shares at a discount under the Incentive Share Plan).

The balanced compensation package is generally complemented by competitive pension plans and other employee benefits. Such benefits include, for example, the Continuous Contribution Award, which recognises the loyalty, commitment and continuous contribution of our employees by offering them opportunities at defined milestones to enjoy additional, paid time off.

Health benefits and financial protection in case of ill-health are also an important part of our overall packages. We provide medical, life and disability insurance in excess of state provisions in many of our locations. Furthermore, we support employees in accumulating retirement benefits to supplement any state provisions.

In addition, the CO_{you2} Programme continues to offer our employees the opportunity to claim subsidies from the company for a range of emissions-cutting investments they want to make in their private lives.

At Swiss Re, we strive for a high performance culture in which our individual and team goals and behaviours – what we do and how we do it – are aligned to the Group's business strategy and purpose. The *what* is assessed based on challenging targets and goals. For measuring the *how*, we use our Leadership and Personal Imperatives to ensure that all of our employees are behavioural role models for the next generation, creating an environment that inspires and engages others. Our imperatives put our values and brand promise into action and are critical to our performance and future success.

The overall performance assessment is then aligned to variable reward outcomes to reflect achievement and contribution, and to reinforce a pay-for-performance linkage.

In addition to our publicly available 2014 Compensation Report, employees also have online access to the Swiss Re Group Compensation Policy as well as deferred compensation plan rules and other compensation and benefits-related information on our intranet. Additionally, employees receive an annual Swiss Re Compensation Statement.

Dialogue and feedback are important aspects of our performance management cycle. In 2014, close to 100% of the Group's employees completed year-end performance reviews.

Further information on Swiss Re's approach to compensation and benefits can be found in our 2014 Financial Report (pages 122–144).

Ensuring good governance

Swiss Re's corporate governance aims at safeguarding the sustainable interests of the company.

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 revised 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.

The "Ordinance Against Excessive Compensation at Public Corporations" (Ordinance) entered into effect on 1 January 2014. Swiss Re has undertaken the steps necessary to ensure timely compliance with the Ordinance's requirements. The requirement to instruct the Independent Proxy electronically had already been introduced at the Annual General Meeting 2013.

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

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, shareholder rights and the Group Code of Conduct. Comprehensive information following the structure of the SIX Directive is available in the 2014 Financial Report, pages 72–107.

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 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 the Board of Directors consists of at least a majority of independent members. To be considered independent, a director may not be employed as an executive officer of the Group, or have been employed in such a function for the previous three years. Moreover, he or she must not have a material relationship with any part of the Group, directly or as a partner, director or shareholder of an organisation that has a material relationship with the Group. Furthermore, in line with the Group's independent criteria, a full-time Chairman is not considered independent. All members of the Board of Directors, with the exception of the full-time Chairman, meet our independence criteria.

The members of the Board of Directors are also subject to procedures to avoid any conflict of interest.

The organisation of the Board of Directors is set forth in the Group Bylaws, which define the responsibilities of the Board of Directors, its committees and the Group Executive Committee, as well as the respective reporting procedures.

The Board has delegated certain responsibilities, including the preparation and execution of its resolutions, to 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 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 2014.

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.

Group Code of Conduct

The Group Code of Conduct (Code) is one in a series of documents governing the organisation and management of the company. It sets the framework and defines the basic legal and ethical compliance principles and policies we apply globally.

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.

Swiss Re's commitment to sustainability
Our commitment to sustainability is fully integrated in the Code's section on business ethics. It provides a guiding principle for our efforts to act as a responsible company.

Bribery and corruption
The Code's section on moral behaviour contains, among other things, 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".

We rolled out our Group Anti-Bribery and Corruption Policy, and delivered Group-wide training on it in 2012.

Employee training on the Group Code of Conduct
All new permanent and temporary employees joining Swiss Re must undergo mandatory training on the Group Code of Conduct. Completion of the training is tracked and instances of non-completion are escalated until resolution.

All employees are required to complete a Code of Conduct Acknowledgement every two years. The next Acknowledgement will take place in 2015.

The Swiss Re Foundation

Empowering communities to build resilience.

Who we are

The Swiss Re Foundation reflects the social and humanitarian values of Swiss Re. We empower vulnerable communities to become more resilient to risk and to adapt to changing circumstances. Our global programmes address the underlying causes and challenging effects of changes in the natural and social environment. These are areas where Swiss Re's core competencies can be brought to bear on our work.

How we help

Disaster risk reduction
We support development efforts aimed at preventing and preparing for the adverse impacts of natural disasters and the suffering they cause.

Capacity building
We help to develop human skills and improve the social environment, so people can improve their living conditions and their resilience.

Research and innovation
Continuous research and innovation allow us to develop new approaches to risk management that can work in areas often thought uninsurable.

Social entrepreneurship
We support social entrepreneurs whose ideas and connections can provide innovative solutions to address critical social and environmental issues.

Emergency aid
Rapid assistance can save lives during an emergency. We respond quickly through donations and Swiss Re employees' fundraising matching programmes.

Volunteering
We support communities where Swiss Re has offices and engage Swiss Re employees in volunteering activities. Our community programmes aim to promote social welfare and protect the environment in our neighbourhood.

The Swiss Re Foundation in 2014 – Heading for resilience
This report presents the Swiss Re Foundation's strategic focus, its activities in 2014 and a focus section on its work in disaster risk reduction.

For more information see **swissrefoundation.org/**

What we respond to

Threats to health, security, prosperity and opportunity

What our priorities are

- Climate
- Natural hazards
- Water
- Society

Who we support

Social entrepreneurs, NGOs and academic institutions that help communities address critical issues

Where we help

- In emerging and developing countries
- In regions where Swiss Re has offices

Corporate responsibility in context: Expanding re/insurance protection

For 151 years, we have provided our clients with effective financial protection against the risks they face. Traditionally, our most important client groups are insurers and large corporations. We offer them a large range of products covering many different types of losses.

With new challenges and new needs for risk protection emerging around the world, we have made considerable efforts in recent years to widen the reach of our re/insurance solutions. An important part of this has been to look beyond our established client base and traditional business model. We believe there is significant unmet demand for effective, commercially viable re/insurance protection, but offering suitable solutions requires innovative thinking on several levels.

Identifying risks with a protection gap
In many parts of the world, re/insurance protection against key risks remains limited. For example, natural catastrophes such as windstorms, earthquakes and floods tend to have huge social and financial impacts. Yet, the global gap between total and insured natural catastrophe losses is still massive (see illustration below).

Agriculture is another case in point, especially in emerging and developing countries. All too often, farmers there face the devastating effects of adverse weather without insurance protection. What is more, both natural catastrophe and agricultural risks are expected to increase and become more unpredictable as a result of climate change.

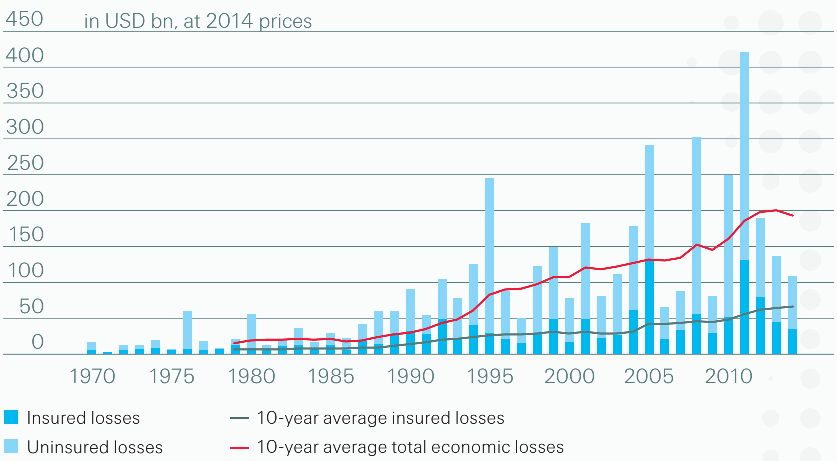
Working with different clients and partners
To provide effective re/insurance protection for such risks, we need to cooperate with a wider range of partners, ranging from governments, supranational organisations, private companies and NGOs to "aggregators" such as financial institutions or service providers. We actively seek to build such client and partner relationships, depending on the specific risk to be addressed. To offer tailor-made solutions and expertise to public sector clients, for example, we established our Global Partnerships function several years ago.

Moving into new markets
It stands to reason that many under-insured risks are located in countries where insurance markets are less developed. This means that a special effort is required to gain a foothold in these markets and to develop a good understanding of local needs, conditions and challenges. Selecting and working with the right partner organisations can greatly help this. To intensify our efforts in Africa, for example, we have dedicated market development teams in both Reinsurance and Corporate Solutions.

Developing innovative risk transfer instruments
If we want to expand the reach of our re/insurance covers, we must take into account special requirements. For example, effective protection against natural catastrophe risks means that funds for relief and emergency measures need to be available quickly, so financing arrangements must be in place before an event ("ex-ante financing"). Likewise, agricultural insurance schemes in emerging and developing markets need to add real value, yet be affordable.

Parametric and index insurance products are suitable for these purposes, because they enable automatic payouts and have low administrative costs. As they are considered acceptable collateral by banks and input providers, they help secure and raise incomes. Swiss Re is an acknowledged leader in the development, structuring and pricing of such products.

Insured losses vs uninsured losses, 1970–2014



Source: Swiss Re Economic Research & Consulting

Key terms: what they mean

Public-private partnerships
Effectively reducing and financing catastrophic risks requires a combined response by both private and public sector players. While the public sector plays a key role in setting a legal framework that enables the development of a private insurance sector, it is the primary role of private insurers and reinsurers to develop appropriate risk transfer solutions and to absorb and manage those risks most effectively.

In developed countries with a functioning insurance market, there is no need for the government to actively absorb natural catastrophe risks. In countries where the insurance market is not yet sufficiently developed, however, the government may need to assume a more active role as an enabler of risk transfer. In addition, governments themselves may choose to buy private insurance coverage in order to pre-finance public disaster expenses.

Microinsurance
Although the concept of microinsurance is gaining in popularity across the globe, there is no commonly accepted definition. The term typically refers to insurance products designed for low-income individuals. The word "micro" represents the relatively small transaction size or lower premiums, a concept similar to microfinance with small ticket loans. Microinsurance differs from traditional insurance in many ways, such as the size of premiums, coverage limits, product features, distribution, policy administration and target customers.

Parametric insurance
Parametric insurance uses measured or modelled parametric data to determine payouts. The payout model aims to closely mirror the actual damage on the ground and is usually based on the physical parameters of a catastrophic event or an index of such parameters, eg wind speed, geographic location of a hurricane or earthquake magnitude. Parametric insurance enables a more rapid payment than indemnity insurance because it requires no loss adjustments to assess the actual damage after an event.

Parametric insurance products can be further distinguished based on how payment is determined:
- Pure parametric triggers: using location and physical parameters;
- Parametric index triggers: a refined form of pure parametric triggers, using more granular loss data and giving relative weights to the locations;
- Modelled loss triggers: using a third-party model to calculate losses (and determine payouts).

Insurance products with a parametric index trigger – or index-based insurance products – are used to provide protection against both natural catastrophes and adverse weather conditions harming crops. In the latter case, they are particularly suited to protecting smallholder farmers in emerging and developing countries. Three types of products are popular:

Index-based products used in crop insurance

Area-yield index products
The payout is made at any time the realised average yield (eg over a valley, a country or a defined geographic unit) falls below some threshold yield, regardless of the realised yield on the insured farm.

Weather index products
The payout is made at any time an objective weather parameter (eg rainfall, temperature, or soil moisture) triggers a defined threshold.

Remote sensing index products
The payout is made at any time an objective weather parameter derived from a satellite (eg rainfall and "normalised differenced vegetation index" for crop and livestock) triggers a defined threshold.

Insurance-linked securities
Insurance-linked securities (ILS), such as catastrophe bonds, are a means of ceding insurance-related risks to the capital markets. They usually rely on index-based payout mechanisms. Since the first cat bond in 1997, ILS have been used to transfer a wide range of risks from natural catastrophes to life insurance risks (see page 15).

Sources:
– Closing the financial gap – New partnerships between the public and private sectors to finance disaster risks (2011)
– The fundamentals of insurance-linked securities (2011)
– Sub-Saharan Africa – breadbasket for a growing population (2014)

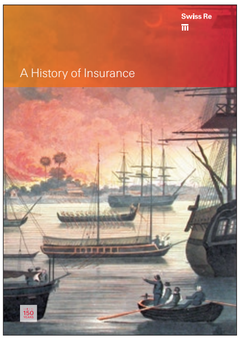
Other Swiss Re publications

Our publications provide the gateway to Swiss Re's broad knowledge base and expertise. They cover a wide range of topics: from technical reinsurance issues and emerging risks to natural perils, economic trends and strategic issues in our industry. This is a selection of recent publications, in addition to those featured on page 43.

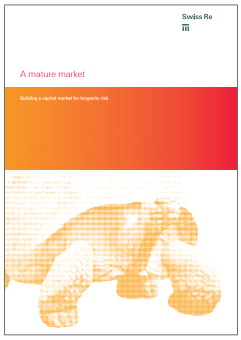
You can download or order our publications at
www.swissre.com/library/

Building a sustainable energy future: risks and opportunities
With an expanding population and world economy powered by oil, coal and gas, fossil fuels have become a large part of our daily lives. But this has come at a price: greenhouse gas emissions, which adversely affect our climate. How much higher will this price rise before we achieve a more sustainable energy system?

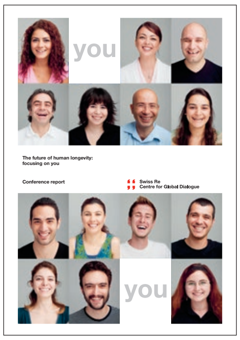
Mind the risk: A global ranking of cities under threat from natural disasters
This publication provides a comprehensive analysis of natural disaster risk in locations around the world.



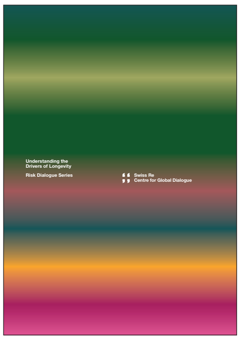
A History of Insurance
Since the time of our foundation in 1863, the world has changed a lot. And insurance has been an instrumental part of this change. We all know that without risk protection, no skyscraper could be built, no products marketed, no goods shipped.



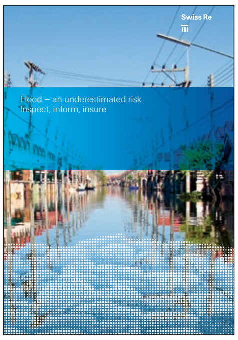
A mature market: Building a capital market for longevity risk
A capital market for longevity risk could help address the challenges of funding longer lives. Such a market would form part of an overall solution involving the cooperation and innovation of the public and private sectors to ensure that we continue benefiting from our ageing societies.



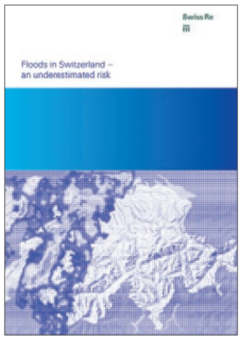
The future of human longevity: focusing on you (Conference report)
This stakeholder conference was the latest in a series about our growing life expectancy and its implications for the future. Focusing on consumer behaviour, health policy and translational medicine, it sought to answer what recent developments mean for the individual.



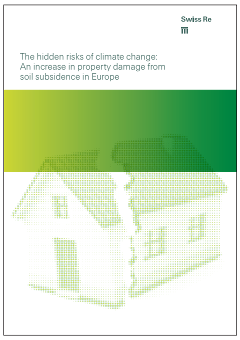
Understanding the Drivers of Longevity (Risk Dialogue Series)
Over the past 150 years, life expectancy among the world's population has increased by more than 30 years. How has this happened? Why do we live longer? Can the current trend continue and, if so, to what extent? This publication provides a broad overview of current research on the mechanisms and drivers of longevity.



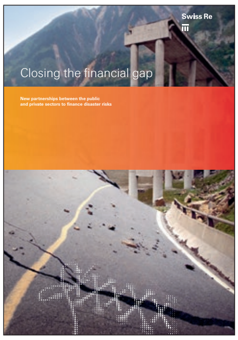
Flood – an underestimated risk: Inspect, inform, insure
Floods affect more people worldwide than any other type of natural disaster. But the risk from flooding is often under-estimated. In many countries, flood insurance is not widely available or affordable.



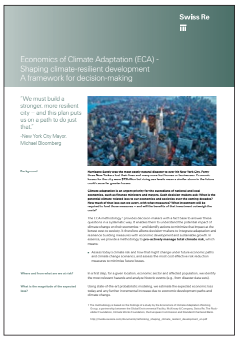
Floods in Switzerland – an underestimated risk
Floods are the most important natural peril in Switzerland. And Swiss Re's new probabilistic model makes one thing clear: It would not take much for the magnitude of flood damage to exceed that of the August 2005 flood event.



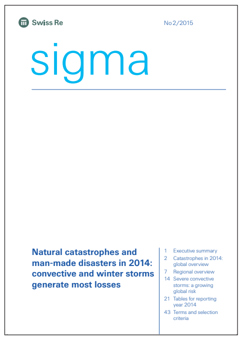
The hidden risks of climate change: An increase in property damage from soil subsidence in Europe
Property damage from drought-induced soil subsidence has risen dramatically across Europe. Climate change will further magnify the risks.



Closing the financial gap: New partnerships between the public and private sectors to finance disaster risks
This publication features some of our most innovative transactions and shows how governments in different regions have used risk transfer products to prepare for the economic consequences of catastrophic events and to make their societies more resilient.



Economics of Climate Adaptation (ECA) fact sheets
The Economics of Climate Adaptation (ECA) methodology provides decision-makers with a fact base to identify the most cost-effective investments to make their communities more resilient to the impact of climate change. These fact sheets summarise the findings of ECA studies we have completed.



***sigma:* the series**
For more than three decades, the *sigma* series has been a trusted source of market information for managers and specialists in direct insurance companies worldwide. To ensure a truly global readership, *sigma* appears in six languages: English, German, French, Spanish, Japanese and Chinese.

Independent assurance report to the management of Swiss Re Ltd, Zurich ("Swiss Re")

We have been engaged to perform assurance procedures to provide limited assurance on the consolidated CO_2 emissions reporting and CR topics and sections disclosed with the 2014 Swiss Re Corporate Responsibility Report ("CR Report").

Scope and subject matter
Our limited assurance engagement focused on the following data and information disclosed in the CR Report of Swiss Re and its consolidated subsidiaries, for the financial year ended 31 December 2014:

a) The management and reporting processes with respect to the consolidated CR reporting as well as the control environment in relation to the aggregation of data and information;
b) The organizational measures and internal key controls in place at the corporate level regarding aggregation of information obtained from the subsidiaries and reporting functions;
c) The consolidated data and information disclosed in the sections "Creating sustainability solutions" on pages 14–21, "Extending our risk intelligence" on pages 22–34, "Exploring and shaping the risk landscape" on pages 35–43, "Reducing our environmental footprint" on pages 44–53 and "Being an employer of choice" on pages 54–62;
d) The consolidated CO_2 emissions 2014 (Scope 1, 2 and business travel-related Scope 3 in adherence with the Greenhouse Gas Protocol) of the tables entitled "CO_2 emissions per employee (full-time equivalent, FTE), Swiss Re Group" on page 45 and "Underlying environmental data, Swiss Re Group" on page 45 in the 2014 CR Report for the period of 1 October 2013 till 30 September 2014;
e) The retirement of 69 800 tonnes of CO_{2e} (CO_2 equivalents) described on page 48 of the 2014 CR Report.

Criteria
The management reporting processes with respect to the CR Report were assessed against the internal and external policies and procedures as set forth in the following:

- "Internal Environmental Performance Indicators for the Financial Industry" published by the Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V. (VfU) published in 1997 and 2011;
- "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)" published in 2001 by the World Resources Institute and the World Business Council for Sustainable Development;
- The framework document "Environmental Performance Indicators Reporting at Swiss Re", version 2014 including Annex; and
- The defined internal guidelines, by which CR data and information are internally gathered, collated and aggregated.

The accuracy and completeness of CR indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the CO_2 emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. Our assurance report should therefore be read in connection with Swiss Re's internal guidelines, definitions and procedures on the reporting of its CR performance.

Swiss Re's responsibility
The Swiss Re management is responsible for both the preparation and the presentation of the selected subject matter in accordance with the reporting criteria. Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the subject matter is not stated, in all material respects, in accordance with the reporting criteria.

Our responsibility
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and

Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the identified CR indicators are free from material misstatement.

For the subject matter for which we provide limited assurance, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During 2014 we have not performed any tasks or services for Swiss Re that would conflict with our independence, nor have we been responsible for the preparation of any part of the CR data reporting; and therefore qualify as independent as defined by Code of Ethics and applicable legal and regulatory requirements.

In accordance with International Standard on Quality Control 1, PricewaterhouseCoopers AG maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed
Our assurance procedures included the following work:

- **Evaluation of the application of Swiss Re CR reporting guidelines**
  Assessing whether the methodology applied by Swiss Re is in line with the reporting criteria;
- **Interviews and management inquiry**
  Evaluating the CR reporting and underlying performance indicators by performing analytical procedures and interviewing selected key contacts to assess whether the internal Environmental Performance Indicators Reporting guidelines and CR guidance were consistently applied by the selected locations; performing enquiries of personnel responsible for internal CR reporting and data collection at the Swiss Re corporate level to evaluate the reporting and aggregation process and to assess its appropriateness;
- **Reconciliation of CO_2 emissions data**
  Reconciling the CO_2 emissions data for energy consumption and business travel and CR data and information to the data used for the internal CR emissions reporting of the selected locations;
- **Assessment of the key figures**
  Performing tests on a sample basis of evidence supporting selected CR data and information (sensitive business risk process, management of emerging and political risks, responsible investment, HR data and information, diversity and inclusion, development & training, compensation & benefits, energy consumption, business travel, other environmental data, group sourcing, construction management) to assess their completeness, accuracy, adequacy and consistency;
- **Review of the documentation**
  Reviewing the relevant documentation on a sample basis, including Swiss Re's CR-related policies, the management of reporting structures, the documentation and systems used to collect, analyse and aggregate reported CR data and information;
- **Assessment of the processes and data consolidation**
  Reviewing the appropriateness of the management and reporting processes for CR reporting; and assessing the processing and consolidation of data at Swiss Re's Group level; and
- **Review of verified emission reductions**
  Reviewing the retirement of 69 800 tonnes CO_{2e} verified emission reductions (VER) according to the Voluntary Carbon Standard or Gold Standard.

We have not carried out any work in respect of projections and targets nor such outside of the agreed scope and therefore restrict our conclusion to the 2014 CR Report of Swiss Re.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion
Based on our work described in this report:

a) Nothing has come to our attention that causes us to believe that the Swiss Re internal CR reporting guidelines are not applied in all material respects, in accordance with the reporting criteria;
b) Nothing has come to our attention that causes us to believe that the internal reporting processes to collect and aggregate CR data and information is not functioning as designed and does not provide an appropriate basis for the presentation of CR data and information, in all material respects;
c) Nothing has come to our attention that causes us to believe that the CR data and information disclosed in the 2014 CR Report is not stated, in all material respects, in accordance with the reporting criteria;
d) Nothing has come to our attention that causes us to believe that the CO_2 emissions data and information disclosed in the 2014 CR Report is not stated, in all material respects, in accordance with the reporting criteria; and
e) Nothing has come to our attention that causes us to believe that the retirement of 69 800 tonnes of CO_{2e} has not been conducted, in all material aspects, in accordance with the internal requirements.

Zurich, 29 May 2015

PricewaterhouseCoopers AG

Marc Schmidli   Stephan Hirschi

Memberships, awards and index listings

Listed here is a selection of Swiss Re's most important memberships, recent awards and index listings with regard to corporate responsibility.

Memberships

CDP
CDP is an international, not-for-profit organisation providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. CDP works with market forces to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce them.
www.cdp.net

Chief Risk Officer Forum
The CRO Forum is a group of professional risk managers from the insurance industry that focuses on developing and promoting industry best practices in risk management. The Forum consists of Chief Risk Officers from large multinational insurance companies.
www.thecroforum.org

ClimateWise
ClimateWise is the global insurance industry's leadership group driving action on climate change risk. The group leverages the insurance industry's expertise to better understand, communicate and act on climate risks.
www.climatewise.org.uk

Clinton Global Initiative
Established in 2005 by former US President Bill Clinton, the Clinton Global Initiative (CGI) convenes global leaders to devise and implement innovative solutions to some of the world's most pressing challenges.
www.clintonglobalinitiative.org

ICRC Corporate Support Group
The ICRC Corporate Support Group is an innovative and long-term partnership set up by the International Committee of the Red Cross (ICRC) and a group of selected Swiss companies. The members of the Corporate Support Group have committed themselves to supporting the ICRC's humanitarian work in the years ahead.
www.icrc.org

International Risk Governance Council
IRGC is an independent organisation whose purpose is to help the understanding and management of global risks that impact on human health and safety, the environment, the economy and society at large.
www.irgc.org

Klimastiftung Schweiz (Swiss Climate Foundation)
The Swiss Climate Foundation is a non-profit foundation that directly champions the cause of climate protection in Switzerland, helping to fund small and medium enterprises that are proactive in their approach to reducing CO_2 emissions. Swiss Re is one of the foundation's members and is sponsoring its managing director.
www.swiss-climate-foundation.ch

Öbu ("Ecologically conscious enterprises" network)
Öbu is a Swiss think tank for sustainability and management topics. It carries out projects focusing on corporate and economic policy, and promotes experience-sharing among its members.
www.oebu.ch

Principles for Responsible Insurance
Developed by the UN Environment Programme's Finance Initiative, the Principles for Sustainable Insurance (PSI) are a framework for the global insurance industry to address environmental, social and governance risks and opportunities.
Currently, a Swiss Re representative has the co-chair of the UN PSI Board.
www.unepfi.org/psi

The Climate Group
The Climate Group is an independent, not-for-profit organisation working internationally with government and business leaders to advance smart policies and technologies to cut global emissions and accelerate a clean industrial revolution.
www.theclimategroup.org

The Geneva Association
The Geneva Association is a leading international insurance think tank for strategically important insurance and risk management issues. It identifies fundamental trends and strategic issues where insurance plays a substantial role or which influence the insurance sector.
www.genevaassociation.org

The RE100 initiative
The Climate Group is partnering with CDP to encourage the world's most influential businesses to join RE100 and commit to going 100% renewable. The aim is for at least 100 companies to make a global 100% renewable commitment with a clear timeframe for reaching their goal.
www.theRE100.org

UNEP Finance Initiative
UNEP FI is a global partnership between UNEP and the financial sector. Over 190 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.
www.unepfi.org

Recent awards

Employer of the Year award at the 2014 Asia Insurance Industry Awards
We won the inaugural edition of this award for our talent development and diversity initiatives.

ANZIIF Women's Council Employer of the Year 2014
In recognition of our ongoing commitment to diversity and inclusion, we received this award at the 2014 Australian Insurance Industry Awards.

Ethisphere World's Most Ethical Companies 2014
Swiss Re was once again listed as one of the world's leading ethical firms by Ethisphere, a leading international think tank.

European Diversity Awards 2013
Jean-Jacques Henchoz, Swiss Re's CEO Reinsurance EMEA, won the 2013 European Diversity Award in the "Inspirational role model of the year" category.

AIIA General Reinsurer of the Year 2013
Swiss Re won this Asia Insurance Industry Award (AIIA) for enhancing natural catastrophe tools and partnering with governments for pre-disaster financing, amongst other things.

Selected index listings and ratings

Dow Jones Sustainability Indices, Industry Leader 2015

ROBECOSAM Sustainability Award Industry Leader 2015

ECPI Indices

ECPI Sense in sustainability

Ethibel Pioneer & Excellence Investment Register

member of the INVESTMENT REGISTER ETHIBEL PIONEER & EXCELLENCE

oekom research, Prime investment status

Corporate Responsibility Prime rated by oekom research

FTSE4Good Index Series

THE GLOBAL COMPACT
WE SUPPORT

The Principles for Sustainable Insurance (PSI): Our Public Disclosure of Progress

Developed by the UN Environment Programme's Finance Initiative (UNEP FI) in collaboration with leading re/insurance companies, the Principles for Sustainable Insurance (PSI) provide a framework for the global insurance industry to address environmental, social and governance (ESG) risks and opportunities.

Swiss Re and the PSI
We are keen to support the spread of sustainable business practices in the re/insurance industry. Not only are we one of the original signatories to the Principles of Sustainable Insurance, we have played an active role in their development and have provided its co-chair since 2012.

We support the PSI's call for transparency and disclose our progress on implementing its principles below.

PSI
Principles for Sustainable Insurance

Principle 1
We will embed in our decision-making ESG issues relevant to our insurance business.

→ As expressed in our Commitment to Corporate Responsibility, we seek to embed ESG issues in both our business solutions and risk management (see page 9).

→ We plan to achieve this by:
a) developing innovative risk transfer solutions (eg index insurance products and cat bonds) and by working closely with partners both in the private and public sectors;
b) using tailor-made tools in our risk management to address sustainability risks;
c) integrating ESG criteria in our asset management.

→ Key actions taken in 2014:
a) for business solutions, see achievements described on pages 14–21;
b) for risk management, see achievements described on pages 22–30;
c) for asset management, see achievements described on pages 31–34.

Principle 2
We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.

→ As expressed in our Commitment to Corporate Responsibility, we engage in regular dialogue with our clients and other stakeholders, and apply ESG guidelines in our sourcing activities (see page 9).

→ We plan to achieve this by:
a) interacting with clients and taking an active role in industry initiatives to advance sustainable business practices;
b) sharing and advancing our risk expertise with a special focus on five Top Topics, supported by our own dialogue platform, the Centre for Global Dialogue;
c) applying overarching guidelines and specific "minimum standards" in our sourcing activities.

→ Key actions taken in 2014:
a) for client and industry cooperation, see achievements described on pages 26–27;
b) for general risk dialogue, see achievements described on pages 35–43;
c) for sourcing guidelines, see achievements described on page 50.

Principle 3
We will work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.

→ As expressed in our Commitment to Corporate Responsibility, we engage in regular dialogue with all our stakeholders (see page 9).

→ We plan to achieve this by: sharing and advancing our risk expertise with a special focus on five Top Topics, supported by our own dialogue platform, the Centre for Global Dialogue.

→ Key actions taken in 2014: See stakeholder dialogue achievements on pages 35–43.

Principle 4
We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

→ Starting in 2012, we have been disclosing our progress in implementing the Principles on an annual basis, as an integrated part of our Corporate Responsibility Report.

For more information see
www.unepfi.org/psi/

GRI Content Index

with UN Global Compact Communication on Progress (COP) references

This content index refers to the Global Reporting Initiative (GRI) G3.1 Guidelines for Sustainability Reporting. The guidelines form a voluntary framework setting out principles and indicators that companies can use to measure and report their economic, environmental and social performance.

References to the UN Global Compact principles addressed as part of our Communication on Progress (COP) are incorporated into the GRI content index, in line with UN recommendations.

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Management approach and performance indicators

Product and service impact

Disclosure on management approach:

We provide comprehensive disclosure on our management approach to product and service impact in the two chapters "Creating solutions for sustainability" and "Extending our risk intelligence".

FS1	Environmental and social policies in business lines	1, 2, 7–9	9, 14, 22
FS2	Screening of environmental and social risks	1, 2 and 8	22–26, 31–32
FS4	Environmental and social training for staff	1, 2 and 8	26
FS5	Interactions with clients/investees/business partners	1 and 2	14, 26–27
FS7	Products with specific social benefit		14–21, 66–67
FS8	Products with specific environmental benefit	7 and 8	14–21
FS11	Environmental and social screening in asset management		31–34

Economic dimension

Disclosure on management approach:

Our management approach to the economic dimension is primarily disclosed in the 2014 Financial Report. Specific aspects ("implications of climate change" and "indirect economic impacts") are disclosed in this report in the "Who we are and what we do", "Creating solutions for sustainability" and "Exploring and shaping the risk landscape" chapters.

EC1	Direct economic value generated		7, FR 148–153
EC2	Implications of climate change	7	14–21, 35–38, 66–67
EC3	Benefit plan obligations		FR 216–223
EC9	Indirect economic impacts		6, 14–21

Environmental dimension

Disclosure on management approach:

We provide comprehensive disclosure on our management approach to the environmental dimension in the chapter "Reducing our environmental footprint".

EN1	Materials used by weight or volume	8	45, 47–48
EN2	Recycled materials used	8 and 9	45, 48
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EN8	Total water withdrawal	8	45
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EN18	Initiatives to reduce greenhouse gas emissions	7, 8 and 9	44–47, 51
EN22	Total weight of waste	8	45
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Labour practices and decent work

Disclosure on management approach:

Our management approach to labour practices and decent work is disclosed in the chapter "Being an employer of choice".

LA1	Breakdown of workforce		54, 56
LA2	Employee turnover	6	54
LA4	Freedom of association and collective bargaining	3	50, 61
LA7	Number of lost days		60
LA8	Training on serious diseases	1	60
LA10	Training hours	6	57
LA12	Performance review		62
LA13	Workforce diversity	1 and 6	55–56

Human rights

Disclosure on management approach:

We address human rights aspects relevant to our business through our Sustainability Risk Framework and our sourcing guidelines. The corresponding management approaches are disclosed in the chapters "Extending our risk intelligence" and "Reducing our environmental footprint", respectively.

HR2	Supplier screening on human rights	1–6	50
HR6	Child labour	1, 2 and 5	22–25, 50
HR7	Forced or compulsory labour	1, 2 and 4	22–25, 50

Society

Disclosure on management approach:

We address society aspects relevant to our business through our business solutions, Group Code of Conduct and stakeholder dialogue. The corresponding management approaches are disclosed in the chapters "Creating solutions for sustainability", "Ensuring good governance" and "Exploring and shaping the risk landscape", respectively.

FS14	Access to financial services for disadvantaged people		14, 17–19, 66–67
SO3	Anti-corruption training	10	64
SO5	Public policy positions		35

Product responsibility

We consider the definition of product responsibility in the GRI guidelines to be of little relevance for a company providing business-to-business services in the financial industry, and hence provide no information in this area.

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