

# Sustainability – a guiding principle at Swiss Re

**Berenberg SRI Conference 2017**

Paris, 28 March 2017



# Table of Contents / Agenda

- Swiss Re's value proposition
- Sustainability at Swiss Re
- Corporate Governance and compensation framework
- Summary

# Swiss Re's value proposition

# Global re/insurance is a catalyst for economic growth

	What global re/insurers do	Benefit to society	Pre-requisites
Risk transfer function	Diversify risks on a global basis	Make insurance more broadly available and less expensive	Global mobility of premiums and capital
Capital market function	Invest premium income according to expected pay-out	Provide long-term capital to the economy on a continuous basis	Ability to invest in real economy (equity, corporate bonds, etc)
Information function	Price risks	Set incentives for risk adequate behaviour	Market- and risk-based pricing

Source: Swiss Re

Global re/insurers absorb shocks, support risk prevention and provide capital for the real economy

# Swiss Re Group at a glance

Swiss Re is a **leading and highly diversified global reinsurer**, founded in Zurich (Switzerland) in 1863

The Group offers **traditional reinsurance products and related services** for property and casualty, as well as for life and health businesses

The Group also offers **commercial insurance** through Corporate Solutions and manages **closed and open books of life and health business** via Life Capital

**The financial strength<sup>1</sup> of the Swiss Re Group** is currently rated:  
Standard & Poor's: AA- (stable); Moody's Aa3 (stable); A.M. Best: A+ (stable)

Swiss Re was named as the insurance sector leader in the 2016 **Dow Jones Sustainability Indices**

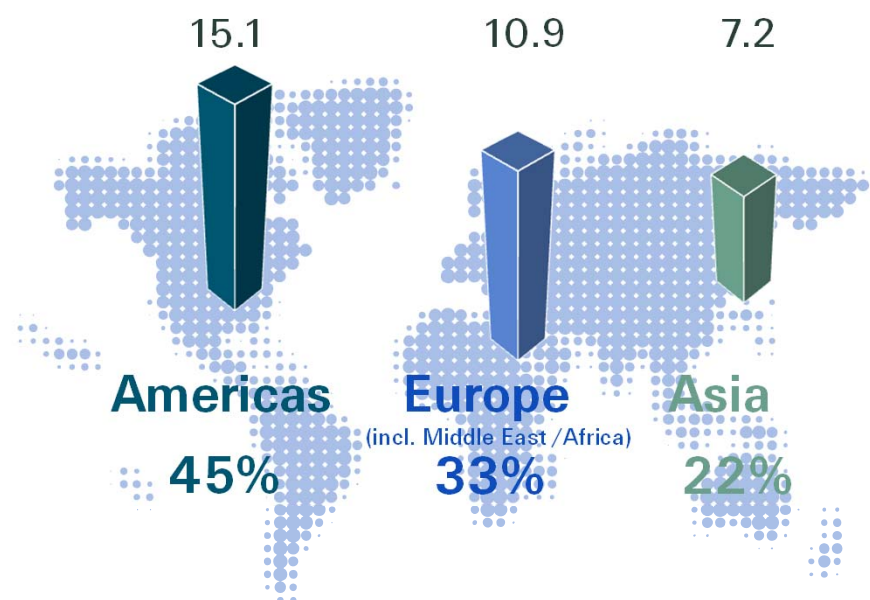
Key statistics (USD billions)	FY 2013	FY 2014	FY 2015	FY 2016
Total revenues	36.9	37.3	35.7	43.8
Net income	4.4	3.5	4.6	3.6
Shareholders' equity	33.0	35.9	33.5	35.6

<sup>1</sup> As at 16 March 2017

# Swiss Re is well diversified across geographic regions and business segments

## Net premiums earned<sup>1</sup>

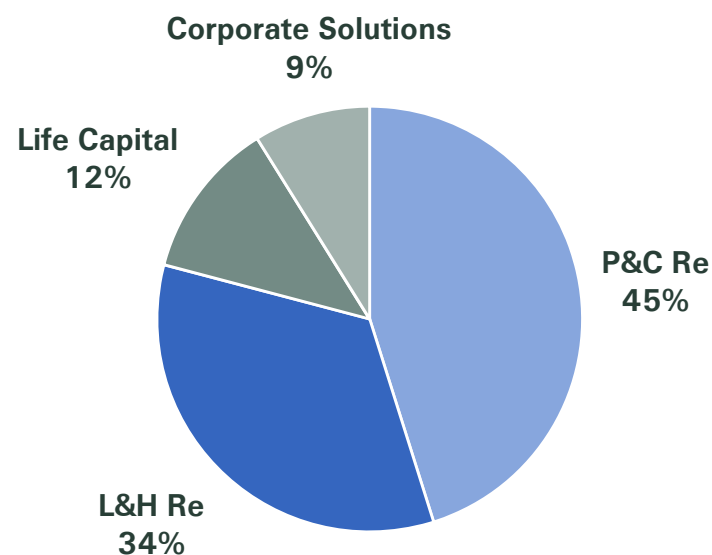
by region (in USD bn, 2016)



of which  
HGMs incl. PI<sup>2</sup>: ~5%      ~ 4%      ~ 16%      ≈25%

## Economic Net Worth<sup>3</sup>

by business segment (in %, 2016)



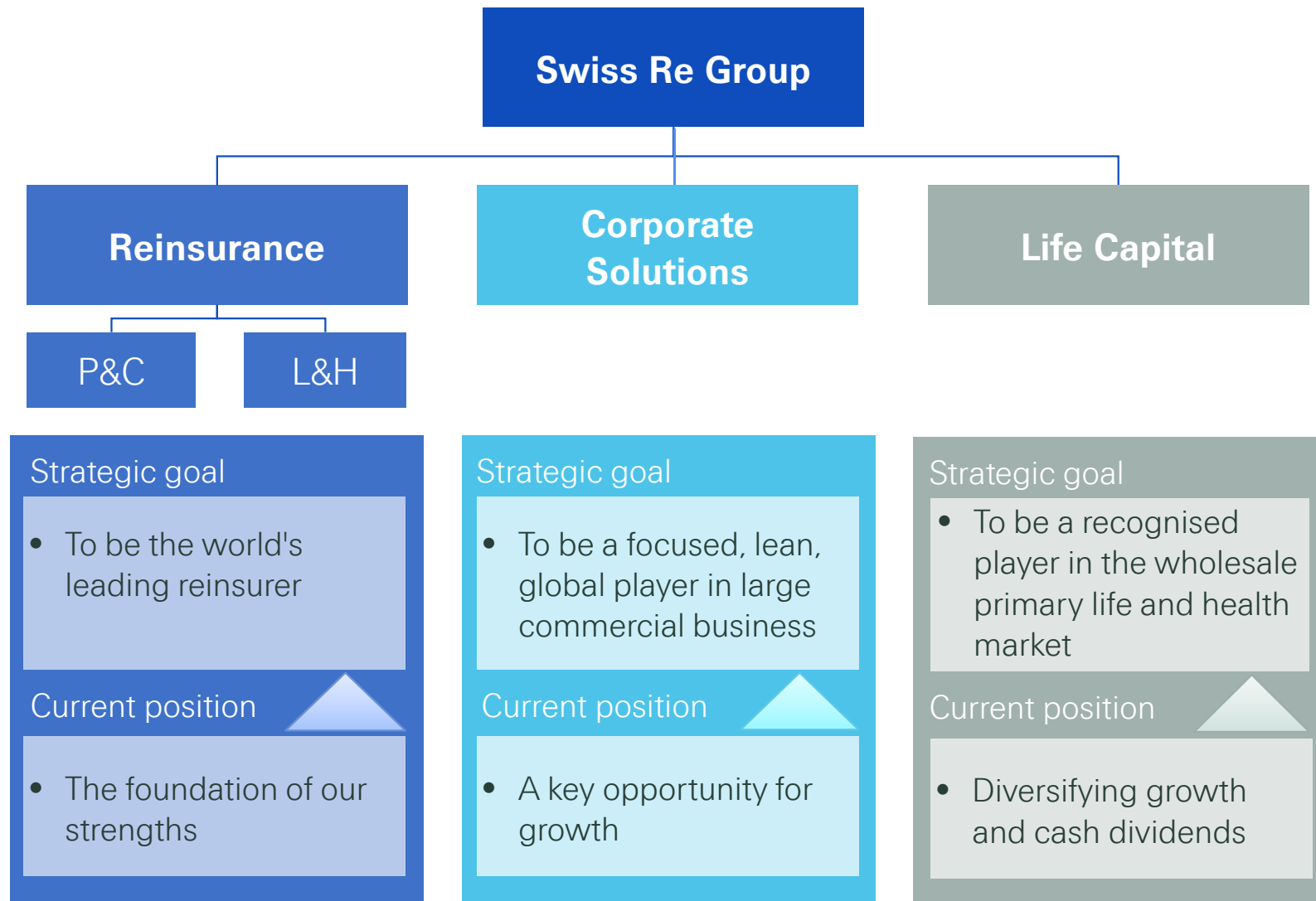
Swiss Re benefits from geographic as well as business mix diversification and has the ability to reallocate capital to achieve profitable growth

<sup>1</sup> USD 33.2bn as at 31 Dec 2016; includes fee income from policyholders; does not reflect the exposure to HGMs through Principal Investments (PI)

<sup>2</sup> Based on additional pro rata net premiums from Principal Investments (PI) including FWD Group (14.9%), New China Life (4.9%) and SulAmérica (14.9%)

<sup>3</sup> Share of Swiss Re Group's Economic Net Worth deployed across Business Units (excl. Group Items), 31 December 2016

# Our business model has positioned Swiss Re as a leading player



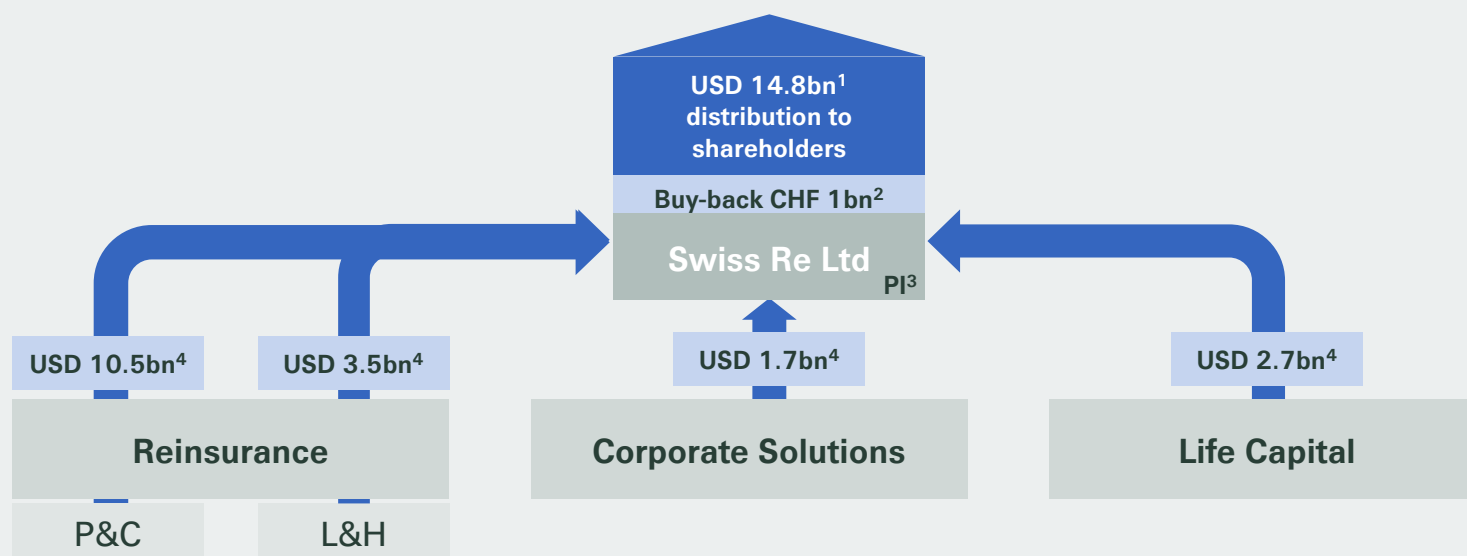
# Swiss Re delivers good performance in 2016

- Swiss Re reports Group net income of USD 3.6bn, supported by continuing solid underwriting performance and strong investment result; ROE 10.6%
- P&C Reinsurance delivers good results through differentiation of services; ROE 16.4%
- L&H Reinsurance continues to report stable and good results; ROE 12.8%
- Corporate Solutions results impacted by continued pricing pressure and large man-made losses; ROE 6.0%
- Life Capital achieves strong performance across all metrics; ROE 10.4%
- Strong investment performance in challenging yield environment; ROI 3.4%
- Group economic solvency remains very strong, comfortably above respectability level of 220%, as adjusted to reflect FINMA changes
- Board of Directors will propose a CHF 4.85 regular dividend to the AGM 2017; the Board will also seek authorisation for a public share buy-back programme of up to CHF 1.0bn purchase value, conditional upon available 2017 excess capital, to be executed before the AGM 2018



# Swiss Re's performance and business model enable significant capital distribution

## Dividend flows since new structure in 2012



### Swiss Re's capital management priorities

- Ensure superior capitalisation at all times and maximise financial flexibility
- Grow the regular dividend with long-term earnings, and at a minimum maintain it
- Deploy capital for business growth where it meets our strategy and profitability requirements
- Repatriate further excess capital to shareholders

<sup>1</sup> Includes full execution of AGM 2016 capital actions and AGM 2017 proposal of approx. USD 1.5bn regular dividend

<sup>2</sup> Reflects new public share buy-back programme of up to CHF 1bn to be proposed at AGM 2017

<sup>3</sup> Principal Investments has paid to Group dividends of USD 0.4bn since 2012

<sup>4</sup> Internal dividend flows from January 2012 to December 2016

# In the currently challenging environment we see attractive long-term opportunities



## *Key challenges*

- Soft market in the P&C world – rates close to economic hurdles
- Low interest rates; divergence of Central Bank policies
- Re-nationalisation and regulatory fragmentation



## *Long-term opportunities*

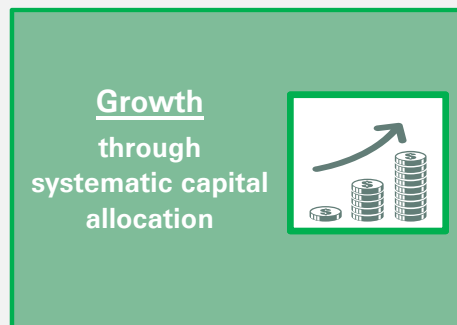
- Growing risk pools (GDP growth and demographic trends)
- High Growth Markets
- Closing the protection gap through better and lower cost offerings



Ensuring access to risk pools is a top priority for Swiss Re

# With our strategic framework, Swiss Re is well placed to face the industry challenges and seize opportunities

## *Swiss Re's strategic framework*



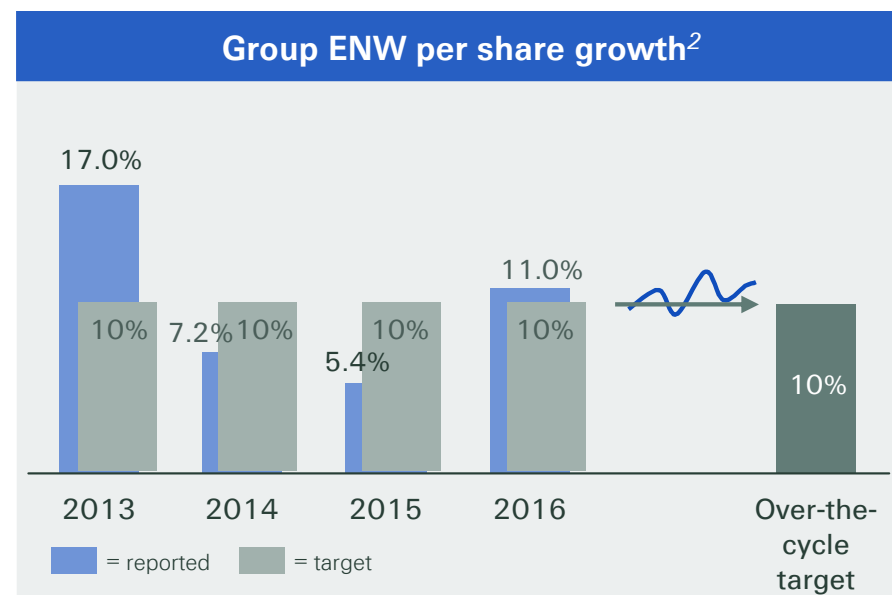
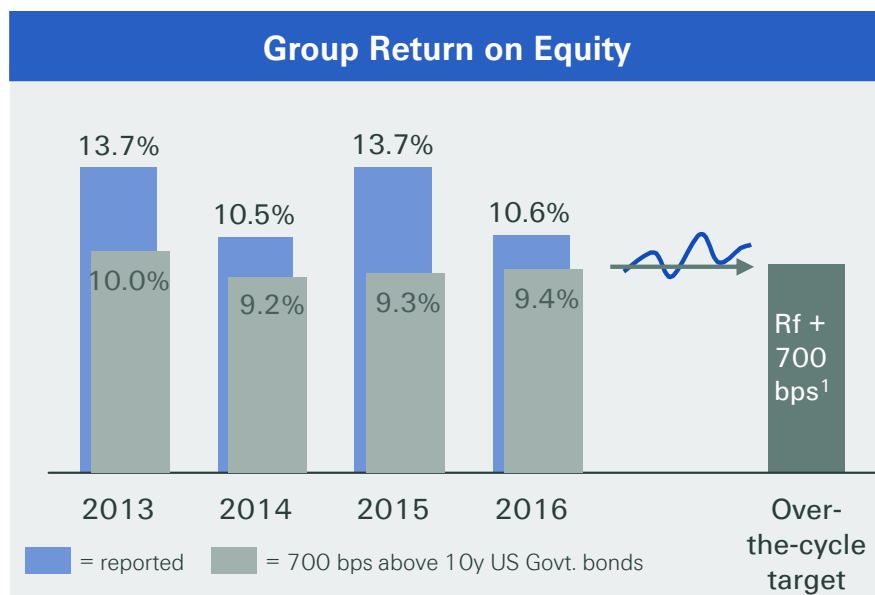
## *Near-term priorities*



We are a risk knowledge company that invests in risk pools

# Both over-the-cycle Group financial targets have been exceeded in 2016

## Group targets over-the-cycle



## Business Units' return on equity targets over-the-cycle

	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Life Capital <sup>3</sup>
2016	16.4%	12.8%	6.0%	10.4%
Target	10-15%	10-12%	10-15%	6-8%

<sup>1</sup> 700 bps above 10y US Govt. bonds. Management to monitor a basket of rates reflecting Swiss Re's business mix

<sup>2</sup> The 10% ENW per share growth target is calculated as follows: (current-year closing ENW per share + current-year dividends per share) / (prior-year closing ENW per share + current-year opening balance sheet adjustments per share). This new target applies from 1 January 2016. The reported figures for 2013, 2014 and 2015 have been adjusted for consistency with the new target definition and are provided for reference purposes only

<sup>3</sup> Mid-term ROE target

# Sustainability at Swiss Re

# Swiss Re's innovative solutions for sustainability are widely recognised

## Sustainability performance highlights

### Business solutions

- Innovator in climate risk transfer solutions as demonstrated again by launching two parametric insurance programmes against the risk of natural disasters in China in 2016
- Supported FEMA, who has purchased its first ever reinsurance cover for the National Flood Insurance Program in the US in 2016

### Risk intelligence, investments and operations

- Sensitive business transactions systematically assessed by Swiss Re underwriters and Risk Management
- ESG integration across the investment portfolio including adopting ESG benchmarks in the credit and equity portfolios
- Avoiding investments in companies with substantial revenues from, or usage of, thermal coal
- Operations greenhouse neutral

## External recognition

**DJSI Insurance Industry Leader**  
for the tenth time since 2004



**Sector Leader Financials 2016**



**Prime Status**



**FTSE4Good Constituent**



**AA-rating 2016**



**World 120 and Europe 120 Constituent**



Contributing to sustainable, long-term value creation serves as a guiding principle for Swiss Re's actions, supporting our vision to make the world more resilient

# Our approach to corporate responsibility

## Our vision

We make the world more resilient

## Our mission

Together, we apply fresh perspectives, knowledge, and capital to anticipate and manage risk. That's how we create smarter solutions for our clients, helping the world rebuild, renew, and move forward.

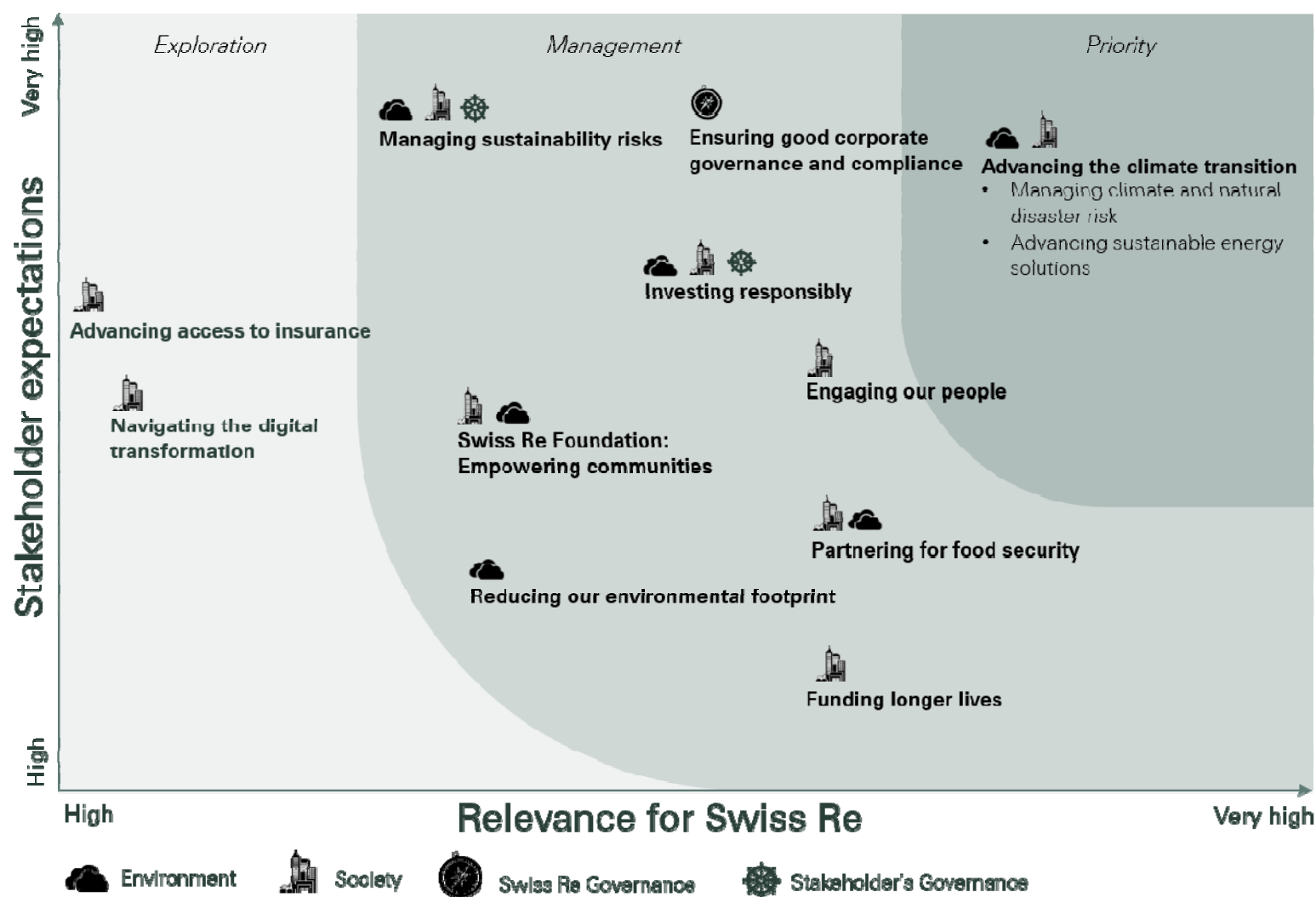
## Sustainability as a guiding principle

Taking the long-term view,  
playing our part in enabling sustainable progress

## Corporate Responsibility Map

Focusing on relevant Corporate Responsibility Topics

## Swiss Re's Corporate Responsibility Map (CR Map) gives an overview of the topics we address





# We set goals for all our Corporate Responsibility Topics

## Advancing the climate transition

### Managing climate and natural disaster risk

- Based on our commitment made to the UN, offer USD 10 bn protection against climate risks to sovereigns and sub-sovereigns by 2020

### Advancing sustainable energy solutions

- Use our capacity and technical expertise to provide effective risk covers for complex offshore wind farm projects

## Partnering for food security

- In cooperation with key stakeholders, create solutions to improve food security by giving farmers protection against natural perils
- Through our commitment to the Grow Africa Partnership, offer up to 1.4 million smallholder farmers in Africa protection against weather risks by 2017

## Funding longer lives

- Use our capacity, technical expertise and natural offset of our mortality business to offer our clients risk transfer solutions for their longevity risk

## Managing sustainability risks

- Consistently identify potential sustainability risks in our business transactions and abstain from them if warranted
- Increasing the effectiveness and efficiency of the Sensitive Business Risk (SBR) process by advancing automatization of sustainability risk screening with our proprietary SBR Assessment Tool
- Engage with clients and industry partners on how to address and reduce sustainability risks in business transactions, especially in High Growth Markets

## Investing responsibly

- Meet our investment target for green bonds of at least USD 1.0bn

## Engaging our people

- Continue to build an organisation of diverse people that have a passion to make the world more resilient
- Achieve a top-quartile employee engagement score (EES > 71%)

## Reducing our environmental footprint

- Keep per-capita CO2 emissions from our own operations at 2013 levels, which we had reduced by 49.3% since 2003
- Reduce our energy intensity by an average 2% per year
- Obtain 100% of power used for our own operations from renewable sources by 2020
- Include all our tier 1 and tier 2 vendors in the EcoVadis platform by 2020

## Swiss Re Foundation: Empowering communities

- Contribute to resilient societies by increasingly engaging Swiss Re employees with their skills and expertise

## Advancing access to insurance

- Advance our understanding of the societal impact of insurance and develop metrics to measure our impact on stakeholders

## Navigating the digital transformation

- Refine our understanding of societal challenges related to the digital transformation

## Ensuring good governance and compliance

- Continuously assess our corporate governance against best practices and new stakeholder demands
- Regularly update our compliance policies as appropriate, oversee effective implementation thereof and deliver meaningful training and communication to our employees

# Swiss Re's comprehensive climate change strategy consists of four pillars



The four pillars of our climate change strategy

1

**Advancing our knowledge and understanding of climate change risks,**  
quantifying and integrating them into our risk management and underwriting frameworks where relevant

2

**Developing products and services**  
to mitigate or adapt to climate risk

3

**Raising awareness**

about climate change risks through dialogue with clients, employees and the public, and advocating a worldwide policy framework for climate change

4

**Tackling our own carbon footprint**  
and ensuring transparent, annual emissions reporting

# We constantly advance our knowledge of climate change risks



## Understanding nat cat risk and the impact of climate change

- Investing in proprietary, state-of-art nat cat models and collaboration with universities and scientific institutions



## Partnering with Solar Impulse to shape the future of renewable energy

- Supporting first round-the-world flight powered by solar energy only. Successful completion of mission in July 2016 underscores our commitment to supporting cutting-edge innovations in clean energy

## Adopting climate-related financial disclosure recommendations

- Member of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board
- Supporting new disclosures to advance more effective measurement and evaluation of the financial implications of climate change



# We create business solutions to offer innovative, effective protection against natural catastrophes



## Adapting to climate change

- Re/insurance protection against extreme weather events and weather volatility to help communities adapt to climate change, by making them more resilient against such risks



## Supporting biggest natural disaster insurance programmes in China

- Launch of two significant parametric insurance programmes, covering 28 rural provinces in Heilongjiang and seven prefectures in the economic powerhouse of Guangdong
- Maximum protection amounts to about USD 350 million dollars in both cases, making them the two largest commercial natural disaster protection schemes ever established in China
- Partnership helps address agricultural risk prevention and government assisted poverty alleviation



# We advance sustainable energy solutions



## Combating global warming with sustainable energy solutions

- As sustainable energy projects increase in scale and complexity, so do the risks associated with them. Innovative risk transfer solutions help reduce these risks and drive investment in the sector
- 35 offshore wind projects in which Swiss Re has participated in last five years



## Supporting climate-friendly energy

- Cover provided to a wind farm in the Belgian North Sea, to provide compensation for material damage and loss of profit, both in construction phase and first three years of the farm's operational phase. Will comprise 42 wind turbines of 7.35 megawatts each, in total producing 309 megawatts at peak for approx. 285000 households

## Awards for innovative transaction in 2016 and 2015

- Awards from Environmental Finance magazine for a wind risk hedge in Australia (2016), and for a solar hedge for photovoltaic power plants in China (2015)

# We raise awareness through dialogue, and share our expertise and knowhow on climate risks



## Engaging in regular dialogue with stakeholders

- Sharing and exchanging knowledge through many channels, e.g. our renowned publications including sigma series, international dialogue platforms, events at our Centre for Global Dialogue, the Swiss Re Institute, and cooperation with governments and academic institutions

## Sharing knowledge on a new insurance concept

- Through conferences, publications and social media channels, we communicated how we used a new concept to insure Guangdong province in China against losses from tropical cyclones and excessive rainfall



## Enhancing climate resilience with Economics of Climate Adaptation (ECA) studies

- Support for clients with strategic expertise and integral risk assessment of natural disasters, including our ECA studies. ECA is a framework for decision-making to enhance climate resilience and give national and local leaders the facts to understand the impact of climate on their economies. So far, we published 22 ECA studies

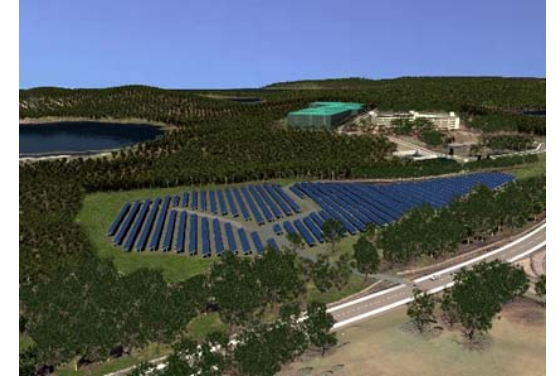


# We lead by example and reduce our own carbon footprint



## Reducing emissions with the Greenhouse Neutral Programme

- In first cycle of programme (2003 – 2013), CO2 emissions per employee were reduced by more than 49%
- Ambition for the programme's second cycle (2014 -2020): keep CO2 emissions stable – in light of our expansive growth strategy an ambitious goal



## Founding member of the RE100 initiative

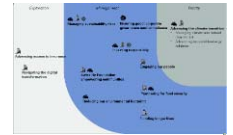
- To meet our commitment to using 100% power from renewable energy sources by 2020, we helped establish the Climate Group's RE100 initiative in 2014
- Today, 84% of the power Swiss Re consumes comes from renewable sources

## Building a solar power plant at our US headquarters

- Investing approx. USD 7 million into our largest solar project so far – a 2MW solar power plant currently built at Swiss Re Americas' headquarters in Armonk, NY
- The facility will generate more than 60% of the campus' power requirements

See also slide 31 for further measures to reduce our environmental footprint

# We partner for food security



## Protecting farmers against the perils of nature

- Innovative risk transfer solutions tailored to the needs of farmers, such as index-based solutions, which are cheaper and faster to deploy. Creating incentives for buying insurance, e.g. by establishing insurance as collateral for production credit
- Working with farmers' groups, governments, NGOs, microfinance institutions and banks to increase access to our products and secure incomes along the agricultural value chain

## Supporting a national rice insurance scheme in Thailand

- Financial assistance to farmers whose crops have been damaged by destructive weather conditions. The goal is to cover 2 million rice farmers, and to extend the scheme to further crops

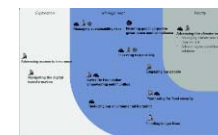
## Protecting Kenyan livestock farmers against drought

- Supporting the launch of the first-ever government livestock insurance scheme in Africa to protect Kenyan livestock farmers against drought
- Index-based livestock insurance scheme using satellite imagery to assess the state of grazing conditions by measuring deviation in the color of ground vegetation. When a certain threshold is reached, the insured herders automatically receive a lump sum payment





# We create stability for individuals and society with life & health and longevity solutions



## Keeping our finger on the pulse of life and health

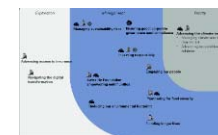
- Longevity and health insurance are two of our strategic priorities in the life & health business
- Providing financial security in the event of death or illness, access to medical treatment, and dependable income in retirement plays a crucial role in creating stability for individuals and society
- Working closely with clients to develop affordable solutions to help minimise the protection gap



## Funding longer lives

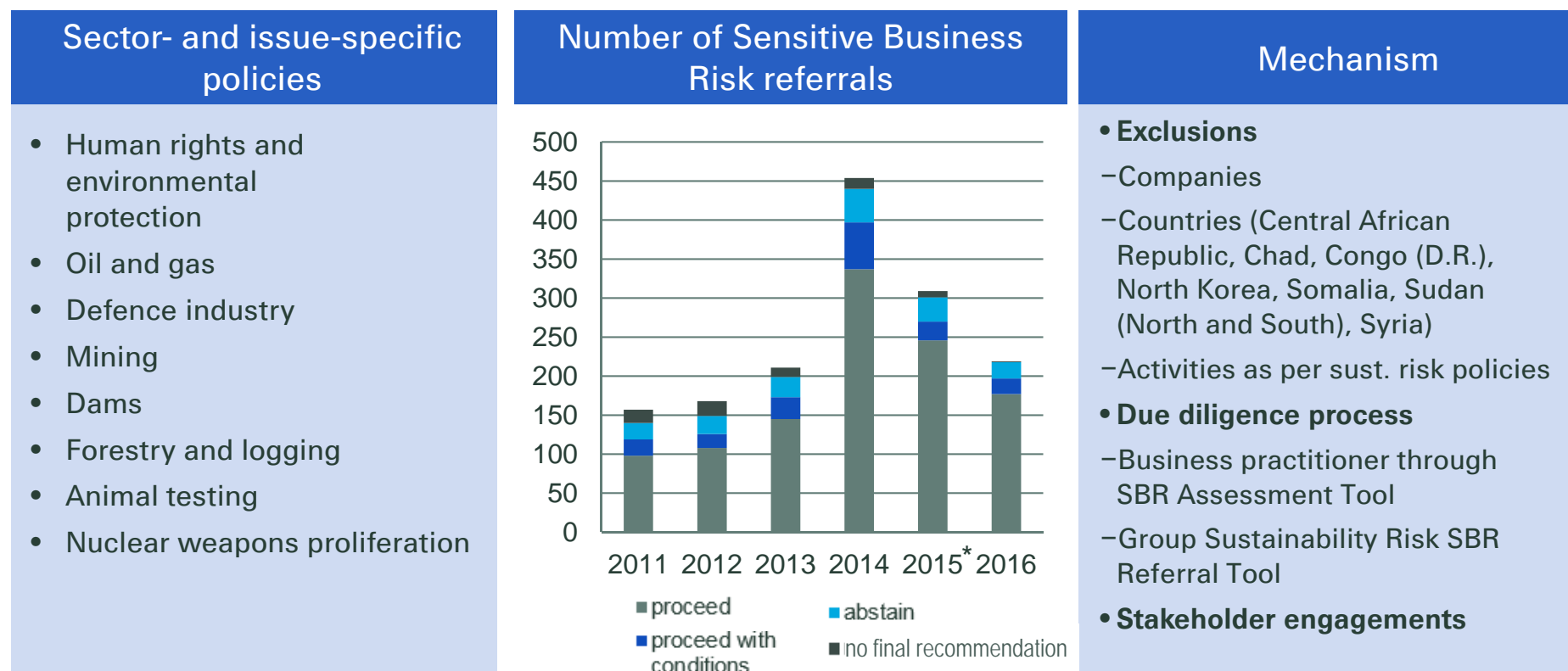
- Investing in research and development to improve our ability to predict mortality and longevity trends
- Longevity transactions cover risk of rising life expectancy
- Several longevity deals in Europe, including a number of landmark transactions with different clients in the UK. Examples include The Scottish & Newcastle Pension Plan (19 000 members) and the Aviva Staff Pension Scheme (19 000 members plus partners)

# We manage sustainability risks in our business with the Sustainability Risk Framework



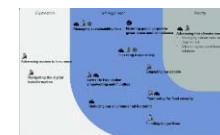
Our Sustainability Risk Framework facilitates the identification, mitigation and elimination of potential environmental, social and ethical risks inherent to our business transactions and investments

- Group-wide framework established in 2009, Sustainability Risk Management in place since 2003
- Applies to insurance and investment business; rigor of application corresponds to level of influence
- 2016: screened over 7'000 transactions; conducted further analysis on 219; stopped 21
- Sensitive business risk (SBR) compliance checks integrated into Group Internal Audit reviews



\* Introduction of online assessment tool – see next slide

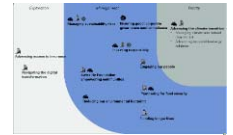
# We continuously refine and strengthen our approach to managing sustainability risks



- Online Sensitive Business Risk (SBR) Assessment Tool was rolled out in 2015 to facilitate sustainability checks by underwriters and client managers
- Due diligence checks conducted by underwriters:
  - 3 550 in 2015 (starting in July)
  - 7 137 in 2016
- 219 critical transactions referred to our team of sustainability experts in 2016
- Continuous effort to strengthen and improve the SBR Assessment Tool



# Swiss Re is a responsible investor



Environmental, Social and Governance (ESG) considerations are an integral part of our investment approach: We look at ESG integration primarily from a view of generating sustainable long term returns, aligned with our Asset-Liability Management (ALM) framework

## Governance

- Responsible Investment Policy
- Sustainability Risk Framework
- Voting Framework

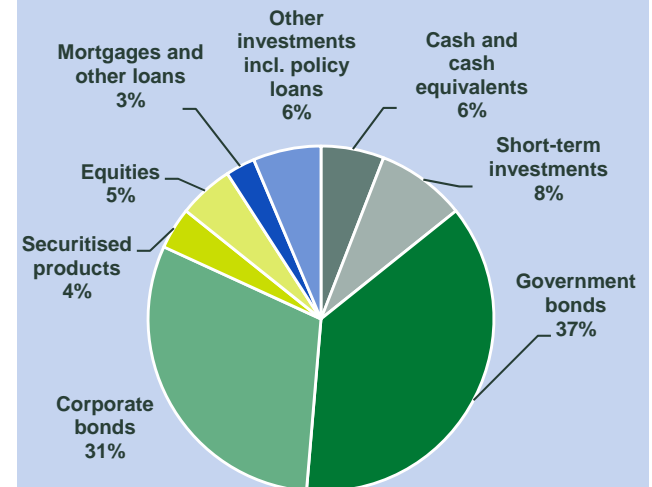
## Signatories to

- Principles for Responsible Investment (PRI)
- Principles for Sustainable Insurance (PSI)

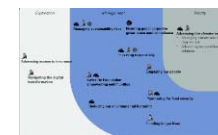
## Our approach to responsible investing

- **Enhancing**
  - Implementing **benchmarks composed of higher ESG rated companies** for our externally managed credit and equity mandates, thereby setting additional incentives for a more resilient portfolio
  - **More than 97%** of our external managers are **PRI signatories**
- **Inclusion**
  - We target a **green bond portfolio of USD 1bn**, primarily relying on **“Green Bond Principles”**
  - Focusing on **renewables** and **social infrastructure** in our infrastructure private debt mandates
- **Exclusions**
  - We **avoid** investments where we see **high risk of stranded assets**
  - **Sustainability Risk Framework** also applied in Asset Management

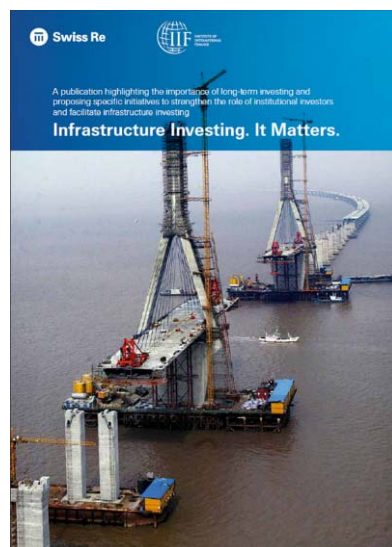
## Investment portfolio FY 2016



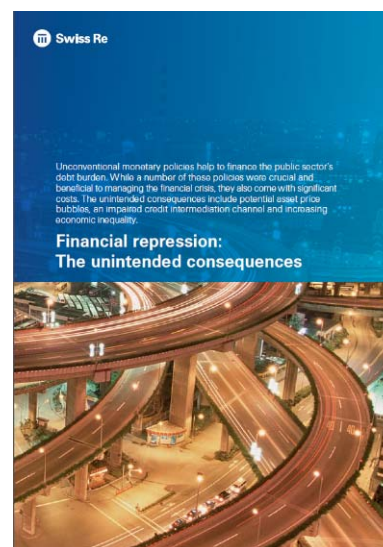
# We are engaged as a long-term investor



<http://www.swissre.com/library/203599391.html>



<http://www.swissre.com/library/archive/246315951.html>



<http://www.swissre.com/library/296688111.html>

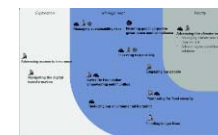


<http://www.swissre.com/library/archive/growth-recipes-the-need-to-strengthen-private-capital-markets.html>

- Future demand for infrastructural investment to outweigh supply
- Institutional and long-term investors can help to soften emerging finance need given their long-term liabilities
- Unlocking the potential in infrastructure investment would help institutional investors, the end-user and the real economy likewise → Swiss Re engaged in public consultations with policymakers in supporting creation of an asset class



# Swiss Re attracts and engages a talented and diverse workforce



## Developing & training our talent

- Talent growth and skill development through Swiss Re Academy
- Talent pools, various development programmes, mentoring
- **Two dimensional performance management** ("what" and "how")

## Valuing a diverse workforce

- **Inclusive corporate culture** and an active approach to unconscious bias
- Employees from more than 90 nations, in about 70 offices in more than 30 countries with diverse backgrounds
- **Gender diversity:** increasing number of women in management
- **"Own the way you work"** supports the alignment of personal preferences and work

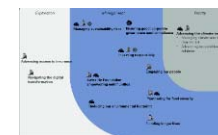
## Engaging our employees

- **Volunteering programme** (Charity of the Year, Community Days)
- **Employee health:** help our employees to take a constructive approach to their health
- **COyou2 programme:** ~2 450 COyou2 subsidies granted to employees to reduce greenhouse gas emissions in 2016
- Further increase in our **employee engagement score** (from 58% in 2015 to 67% in 2016)

## External recognition

- **AON Best Employer Award** in nine countries and for Europe as a region
- **"Job Crowd Award"** Top Company for Graduates to work for 2016/2017
- **"Great Place To Work "** 2016 in Mexico
- **Workplace Pride** 2016 Global Benchmarking
- Constantly **high scores on Glassdoor** (3.8 out of 5 in March 2016)

# We ensure sustainability in our operations by reducing our environmental footprint



## **Global ISO 14001 certification**

- Global management system (GMS): integrated quality and environmental management
- Over 60% energy productivity increase since 2003 (EP100 Member)
- Internal price on carbon – levy on travel budgets
- Carbon neutral since 2003 – CO2 offsetting with 100% Gold Standard VERs

## **EcoVadis platform to drive sustainability performance in our supply chain**

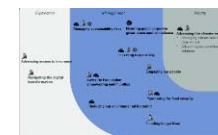
- Monitoring and management of our vendors' sustainability across four dimensions: Environment, Labor/Social, Fair business/Ethics and own supply chain
- Tier 1 and Tier 2 vendors to be included in the EcoVadis platform by 2020

## **COyou2 programme to support our employees in cutting their own carbon footprints**

- Pioneering initiative providing our employees access to subsidies for a range of emissions-cutting investments in their private lives.
- About 2 450 COyou2 subsidies granted to our staff in 2016

See also slide 23 for further measures to tackle our carbon footprint

# Empowering communities is at the core of the Swiss Re Foundation



## Core goals

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- Empower communities to build resilience in the focus areas of water, climate, natural hazards, and topics relevant to society *AND* Swiss Re
- Contribute to promoting social welfare, protecting the environment and enhancing quality of life near Swiss Re locations
- Engage Swiss Re employees as local volunteers and expert consultants in the Foundation's programmes
- Boost impact by teaming up with private and public partners that share our goals and complement our expertise including social entrepreneurs



## Key figures 2016

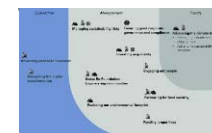
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- Total commitments: CHF 7.25 million
- Commitments by region: 16% Africa; 22% Americas; 23% APAC; 11% Europe; 28% worldwide
- Number of global projects: 53
- Number of community projects: 152
- Swiss Re employee volunteering hours: 12'761

[www.swissrefoundation.org](http://www.swissrefoundation.org)



# We explore new topics and shape our position on emerging societal challenges



## Advancing access to insurance

- Access to insurance is an important contributor to economic development. However, 60% of the world's population still remain excluded from appropriate insurance products
- We work on advancing public awareness of the societal value of insurance and the role insurance plays in achieving sustainable economic development. Activities:
  - Publication on how insurance contributes to economic development in emerging markets (to be published)
  - Evaluating Swiss Re's contribution on selected Sustainable Development Goals (SDG)

## Navigating the digital transformation

- The digital transformation has the potential to radically transform the insurance industry. New analytical techniques as smart analytics, big data and FinTech boost innovation and modernization in product design, distribution, claims management and fraud detection
- As Swiss Re develops its 'Digital DNA', we are also advancing industry awareness of ethical challenges surrounding the digital transformation, such as through:
  - 4th Swiss Re Symposium on Data Protection: Ethics and e-health in insurance
  - Research study on 'Ethical and Legal Big Data Challenges in the Insurance Industry' with the Centre for Ethics at the University of Zurich, funded by the Swiss National Science Foundation

# The Swiss Re Institute aims to build on Swiss Re's position as the thought leader in the re/insurance industry

- The Swiss Re Institute was **launched in March 2017**
- It **combines Swiss Re's renowned expertise with world class external research partners** to deliver powerful insights on current and future issues affecting the re/insurance industry – and the world at large.
- By merging our high-quality research and outreach capabilities, and partnering with the world's leading experts, the Swiss Re Institute enables us to **remain at the forefront of industry dynamics and innovation.**
- We bring these **fresh perspectives to our clients, governments, industry organisations** and other global stakeholders, to help manage risk together in smarter ways, and make our world more resilient.
- **Research topics** include:
  - Digital transformation
  - Natural catastrophes
  - Health & medicine
  - Food security
  - Economy & financial markets



# We explore and shape the risk landscape by publishing our insights



<http://www.swissre.com/library/>

# Corporate Governance and compensation framework

## Swiss Re's Governance regularly assessed to align with best practice and new stakeholder demands

- **Board of Directors** is responsible for **oversight** and **Group Executive Committee** (Group EC) for **managing operations** – this structure maintains **effective mutual checks and balances** between these two top corporate bodies
- **Transparent and comprehensive disclosure** of Group's governance structure and governance processes is indispensable to support assessment of quality of the Group's organisation and business conduct
- Board of Directors **assesses** Swiss Re's Corporate Governance on regular basis to ensure **alignment** with **best practice** and **new stakeholder demands**
- Board of Directors **monitors Corporate Governance developments** globally and considers relevant studies and surveys

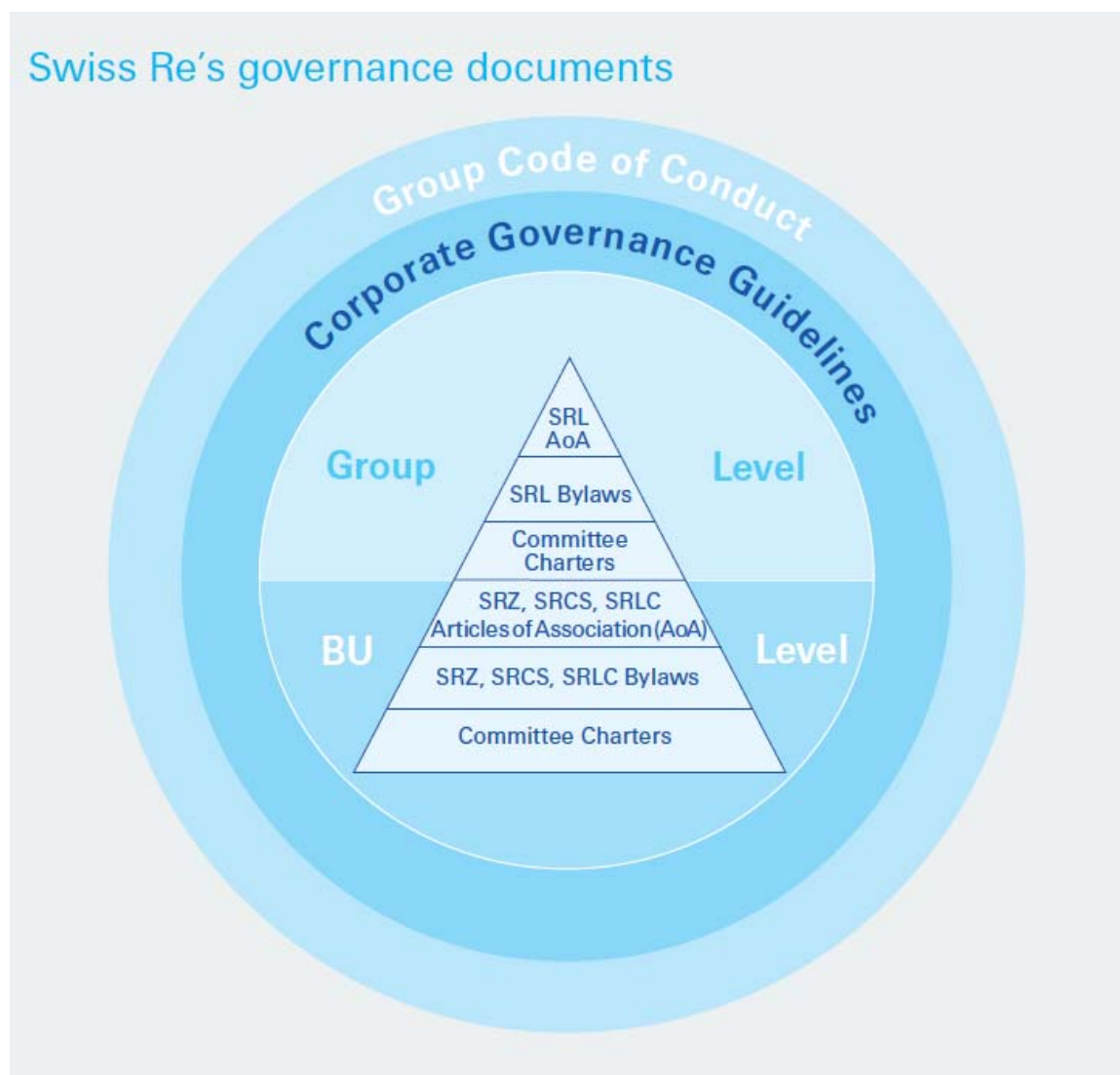


# Swiss Re's corporate governance framework fosters sustainable oversight and management

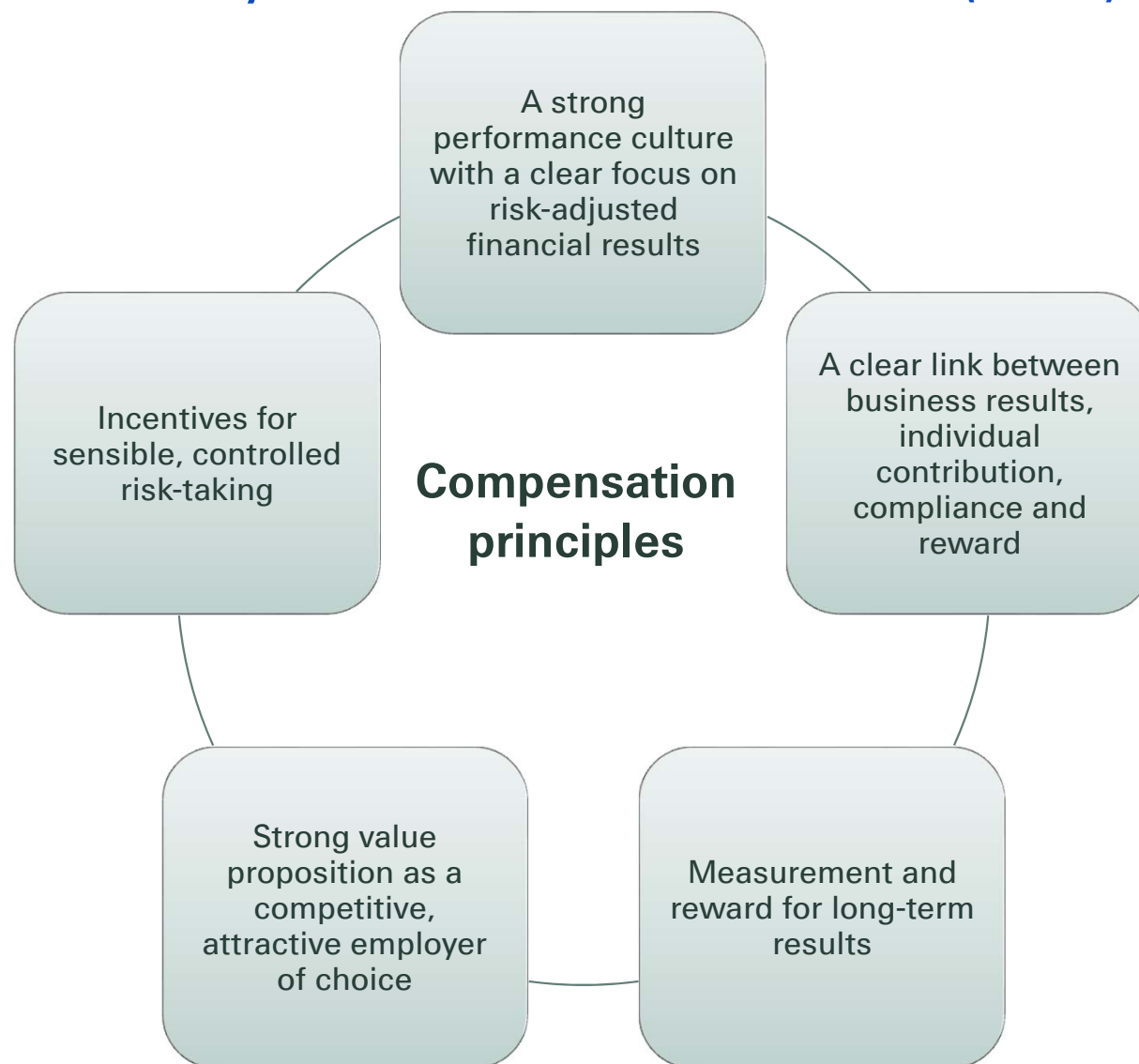
## Swiss Re's governance framework



# Documents governing Swiss Re's organisation and management



## The compensation framework is based on clear principles and is governed by the Board of Directors (BoD)





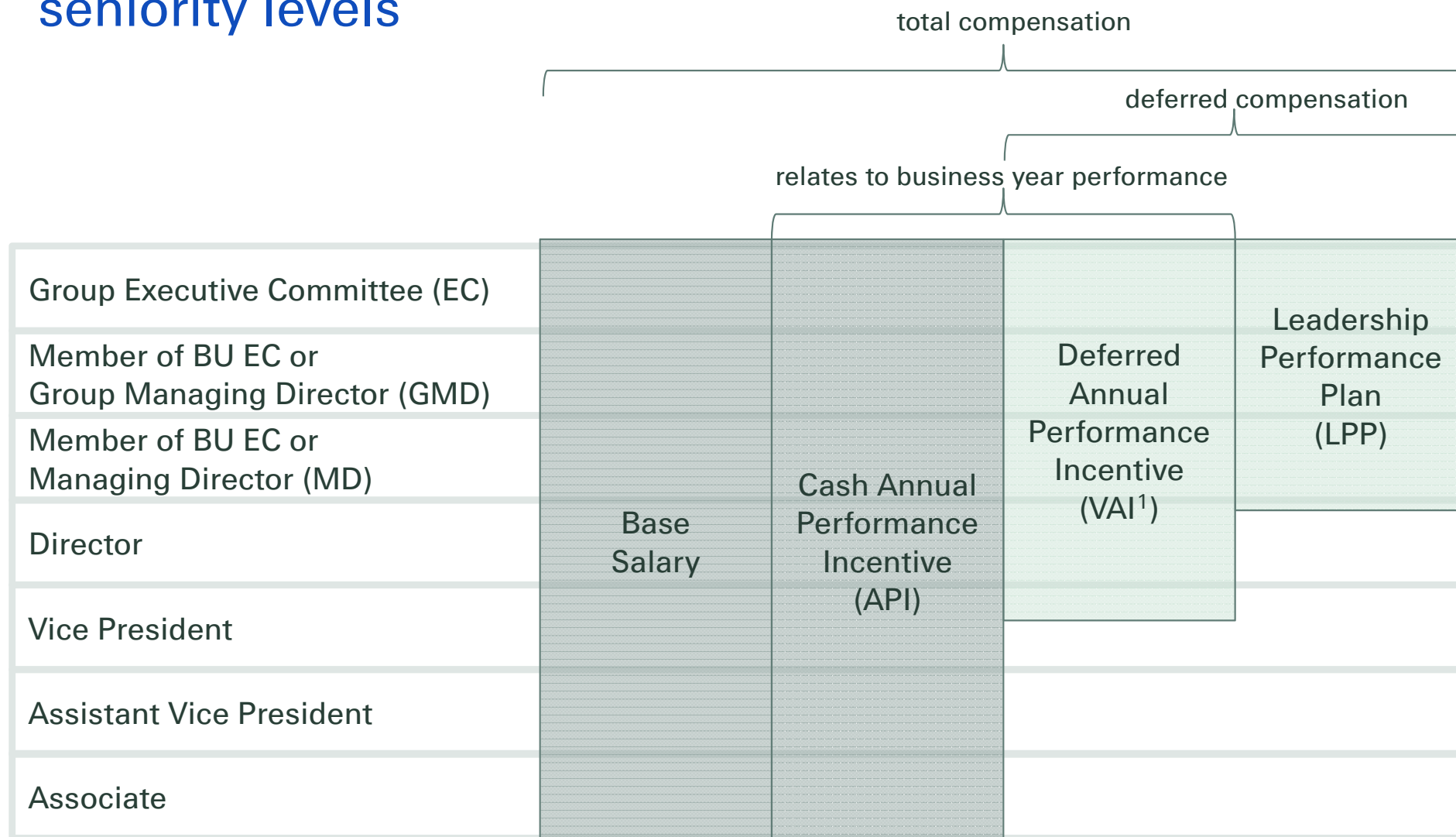
# The compensation framework is designed to promote long-term sustainable performance

## Summary of compensation and benefit components

	Fixed	Variable compensation			Participation plans		Benefits
	Base salary	(short-term) Cash API	(long-term) VAI (deferred API)	(long-term) LPP	(long-term) GSPP	(long-term) ISP	
<b>Eligibility</b>	All employees	All employees	Employees with an API at or above USD 100 000	Group EC members and other employees upon Group CEO invitation	All employees	All employees	All employees
<b>Purpose</b>	Attract and retain	Pay for performance	Pay for sustained performance	Alignment with future performance	Alignment to share-holders	Alignment to share-holders	Risk protection, market competitiveness, connection to Swiss Re values
<b>Plan duration</b>			3 years	5 years for Group EC members and other key executives* and 3 years for the majority of participants	3 years	1 year	
<b>Drivers</b>	Role and experience	Business and individual performance	Business performance	Business performance			Market practice
<b>Settlement</b>	Cash (immediate)	Cash and/or shares (under the ISP)	Cash (deferred)	Shares	Shares	Shares	Pension, insurances, cash
<b>Performance KPIs</b>		Business and individual performance	Measurement of the economic impact of profit/loss from previous years' business	Relative TSR ROE			
<b>Performance period</b>		1 year	3 years	3 years			
<b>Payout range</b>		0 to 2x TAPI	50%–150% of deferred API	RSUs: 0%–100% PSUs: 0%–200%			
<b>Impact of share price on payout</b>	No	No	No	Yes	Yes	Yes	No
<b>Forfeiture rules</b>	No	Yes	Yes	Yes	Yes (on match)	No	In certain plans
<b>Clawback rules</b>	No	Yes	Yes	Yes	No	No	

\*Certain members of Business Unit Executive Committees (BU ECs) and all Group Managing Directors (GMDs).

# Swiss Re's compensation elements are targeting different seniority levels



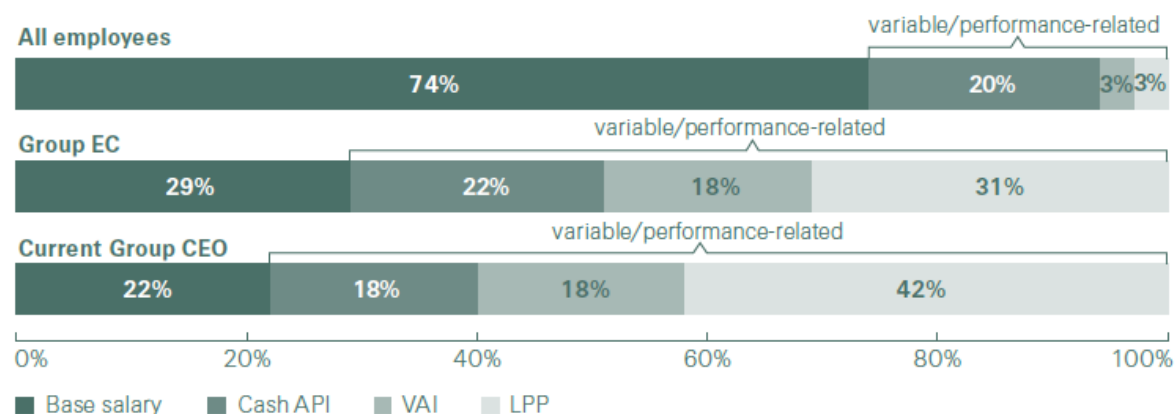
The level of compensation at risk and the amount of deferral increases with seniority

<sup>1</sup> Value Alignment Incentive

# Risk alignment of Group EC compensation

- For senior executives and in particular the Group EC, a substantial part of total compensation is "at risk", i.e., performance related and deferred

	Fixed	Variable/performance-related	of which deferred
<b>All employees</b>	74%	26%	22%
<b>Group EC</b>	29%	71%	70%
<b>Current Group CEO</b>	22%	78%	76%



- Compensation in general and also for the Group EC is periodically reviewed against relevant market data

# Attribution of Group income to stakeholders

- The table below shows the dispersal of Group income to key stakeholders (employees, government and shareholders) over the last five years
- The normalised tax rate is approximately 20% - 25% (2015 and 2016 reflect one-off tax benefits)
- A significant event such as a natural catastrophe would clearly impact variable compensation from the last five "stable" years below
- The variable compensation percentage from the last three years has also been at the "low end" of the general range



## Attribution of Group income to key stakeholders

USD millions (unless otherwise stated)	2014	%	2015	%	2016	%
Income before tax and variable compensation	4 629	100%	5 758	100%	4 773	100%
Variable compensation	471	10%	510	9%	466	10%
Income tax expense	658	14%	651	11%	749	16%
US GAAP net income attributable to shareholders	3 500		4 597		3 558	
of which paid out as dividend <sup>1</sup>	2 608	57%	1 561	27%	1 572	33%
of which share buy-back			1 018	18%	1 017 <sup>2</sup>	21%
of which added to retained earnings within shareholders' equity	892	19%	2 018	35%	969	20%

<sup>1</sup> FY 2014 includes a special dividend of USD 1.1 billion. FY 2016 is estimated based on average year-to-date CHF/USD FX rates as of February 2017. The dividend is subject to AGM approval and the amount depends on the final number of dividend eligible shares and FX rates upon dividend pay out.

<sup>2</sup> Includes shares bought back between 4 November 2016 and 9 February 2017 as part of the buy-back programme authorised at the AGM 2016. The total amount represents an estimate translated at the 2016 average CHF/USD FX rate.

# Summary

# Summary

- Swiss Re is a leading and highly diversified global re/insurance group with more than 150 years experience
- Swiss Re had a strong performance in 2016
- Swiss Re takes the long-term view and enables sustainable progress. Our products help to address key environmental and social challenges, thereby making the world more resilient
- Swiss Re is included in the main ESG indices and named sector leader in 2016 Dow Jones Sustainability Indices – for the third time in a row and tenth time since 2004
- Swiss Re is committed to a compensation system that is balanced and performance-oriented, and that aligns the interests of employees and shareholders

# Corporate calendar & contacts

## Corporate calendar

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### 2017

21 April	<b>153<sup>rd</sup> Annual General Meeting</b>	Zurich
4 May	<b>First Quarter 2017 Results</b>	Conference call
4 August	<b>Second Quarter 2017 Results</b>	Conference call
2 November	<b>Third Quarter 2017 Results</b>	Conference call

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# Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase”, “may fluctuate” and similar expressions, or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group’s actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto;
- further deterioration in global economic conditions;
- the Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group’s investment assets;
- changes in the Group’s investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carry forwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that the Group’s hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group’s ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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