



2019 Corporate Social Responsibility Report General Reinsurance AG

Introduction

Gen Re takes social responsibility very seriously with respect to our associates, our clients, our community and our environment. We have a Code of Business Conduct in place, which guides our employees to fair and ethical business conduct and explains our shared responsibilities to the public and our business partners, and amongst ourselves. This code is an essential means for achieving our corporate goals. Every employee is expected to be familiar with it, and every manager is expected to ensure the observance of these rules.

Business Model

A subsidiary of Berkshire Hathaway Inc., General Re Corporation is a holding company that owns General Reinsurance Corporation, which in turn owns General Reinsurance AG (GRAG) (jointly referred to as “Gen Re”). One of the world’s leading reinsurance groups, Gen Re transacts international reinsurance business and related operations. Within the Gen Re group, GRAG covers, along with its subsidiaries General Reinsurance South Africa Ltd. and General Reinsurance Life Australia Ltd., all markets of Life/Health reinsurance and Property/Casualty reinsurance outside North America with the exception of Property/Casualty business in Australia, Japan and New Zealand. GRAG operates its business via 24 offices located in Europe (7), Asia (9), the Middle East (1), Latin America (3), Australia (1), New Zealand (1) and South Africa (2).

Our business strategy is to provide reinsurance products and services in a disciplined and differentiated way for clients that want more than a commodity. Our business goals are profit-oriented, and we aim to achieve an appropriate risk-adjusted return on the risks we assume. Our core business revolves around the assessment and acceptance of risk and as such we have defined the risks we actively seek and those that we want to minimise.

In regard to the market risk, we invest to generate competitive returns over time while managing liquidity needs and investment risk accordingly. The Board of Executive Directors is mindful of its social and environmental responsibilities when setting investment guidelines and making investments.

In the context of Corporate Social Responsibility (CSR), it is important to acknowledge that insurance and reinsurance as such have a stabilizing and advantageous impact on modern societies and economies, provided they are being carried out in a fair and ethical manner, which underlines the importance of corporate governance in the way we conduct business.

The European Systemic Risk Board views the beneficial effects of insurance to societies as follows: “Protection from risks through pooling or transfer is the most basic role of insurance (OECD, 2013). Individuals, companies, institutions or the public sector seek protection against financial losses or adverse events...The risk transfer function could encourage innovation, entrepreneurial activity and risk taking. Therefore, an effective transfer of risks could foster additional long-term investment and output...Insurance that provides compensation in the case of a large adverse shock, such as a natural catastrophe, helps stabilize demand, finance reconstruction, and reduce pressure on the budget.” *

In accordance with the EU directive 2014/95/EU, transposed to national law in Section 289b German Commercial Code (HGB), this report is designed to give insight into General Reinsurance AG’s CSR-relevant policies and activities. Its general structure is guided by the UN Global Compact principles.

Workforce/Labor/Employee Matters

During the business year 2019, GRAG (excluding subsidiaries and service companies) employed a total workforce of 612 (607), of whom 393 (389) were based in Germany and 220 (218) worked abroad. GRAG’s business is supported by additional 118 (111) people who are employed in the service companies in Lebanon, UK and Mexico. Our subsidiaries in Australia, Brazil and South Africa employed 82 (76) people in 2019.

We believe that the success of our Company is founded on the expertise, experience and engagement of our people. Gen Re values integrity, excellence, personal responsibility and diversity. Our flat management structure and team-based environment promote collaboration and open communication.

It is the Company’s policy to afford equal employment opportunity to all employees and applicants for employment, as stated in our Code of Business Conduct. In addition, the Company is committed to maintaining a work environment free from harassment. The Company does not tolerate harassment or discrimination against any employee by any other employee, manager or non-employee (such as an independent contractor).

We place a strong emphasis on fair and gender-neutral pay that is in line with the market, the job function and the employee’s performance and experience. We also offer competitive local benefit programs and a wide range of learning opportunities to support personal and professional development.

We support a stable work-life balance that includes offering flexible working hours as well as part-time, home office and telecommuting arrangements where appropriate.

With regards to child care, we currently have 25 spaces in a crèche next to our Cologne office, which provides day-care for children from the age of three months to six years.

In an effort to support our employees and their families beyond their professional lives, we offer an employee assistance program (in cooperation with an external provider) to our Cologne-based employees. It is an employer-sponsored service, designed to offer confidential, independent counselling services in all situations of life.

We place great emphasis on maintaining a close and comprehensive dialogue with our employee representatives. We enjoy a long-standing, fruitful and constructive relationship with our German Works Council. Our Cologne employees are also represented on GRAG's Supervisory Board. We acknowledge and respect our employees' freedom of association and their right of collective bargaining. For example, in Germany, we are subject to the collective agreement for the private insurance industry.

In 2015 the "Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector" came into force in Germany. At the time, the proportion of women on the two highest levels of management below our Board of Executive Directors was 5.9% on the first level and 40.2% on the second.

Since then, we have seen considerable improvement: As of 31 December 2019, these proportions had increased to 22,9% (10,3%) and 41,6% (41,6%) respectively. The Board of Executive Directors discuss this topic on a regular basis and have decided to ensure that by 30 June 2022 the proportion of women on the highest level of management below the Board should at least correspond to the 2017 status quo of 8.8%, while the proportion on the second level below the Board should not fall below 40%.

As an indication of our tangible efforts in this area, in 2018 a small task force was established to propose and implement further measures for the improvement of gender diversity in management positions in support of the Board's goal. The Board is in favor of measures focused on succession planning and career development for all associates.

Human Rights

Reinsurance products are intangible. The production process is an intellectual one, combining the application of expert knowledge with capital; it does not include physical labor. The typical workforce is generally dominated by highly skilled and well-compensated professionals.

Gen Re is pledged to combatting all forms of modern slavery and carrying out our business in a fair, honest, ethical and open manner. We are committed to taking steps to ensure that human rights abuses, in any form, do not occur in either our business or supply chains. Neither we nor, to the best of our knowledge, our supply chain make use of any form of modern slavery.

All Gen Re employees are subject to and benefit from employment and compliance policies that seek to eliminate the risk of modern slavery in the workplace and encourage all staff to work ethically. Gen Re also operates a whistleblowing policy to provide the ability for employees to raise any concerns they have in the workplace anonymously and for those concerns to be investigated in a confidential manner.

Social

As mentioned above in the context of the European Systematic Risk Board's statement, we strongly believe that the very nature of (re)insurance has indeed a bigger social purpose, enabling human progress in many areas of life.

We generally aim at facilitating broader access to insurance. The research and development and ultimately the offering of certain (re)insurance products have a direct positive impact on some very important social matters.

In this regard, we can point to our Life and Health Research and Development unit that works continuously on furthering state-of-the-art knowledge around various risks highly relevant to today's modern societies. We are, for example, supporting our clients in developing pioneering HIV and diabetes products as well as enhancing underwriting expertise and coverage concepts for critical illness, long-term-care, disability and mental health issues.

Through our involvement with innovation hubs and ongoing collaborations with promising startups in the InsurTech space, we focus on helping our clients, the insurance companies, remain relevant for the future.

The area broadly referred to as Emerging Risks is a field that influences the long-term well-being of our economies and societies. Cyber Risk is among the most important ones these days. The insurance industry is mindful of its responsibility in this area. The economic damage caused by cyber-crime is increasing dramatically. GRAG is participating in a cyber working group of the German Insurance Association (GDV), which has created a broad basis for the insurance of cyber risks by developing appropriate coverage terms and conditions.

More generally, it should be mentioned that the allocation of capacity for the coverage of difficult-to-insure risks, such as losses from terrorism or nuclear risks, has a stabilizing effect on economies and societies as it helps communities to recover from large adverse events.

Furthermore, we regularly publish commentaries and insights into most of the above-mentioned topics and offer training and education programs for our clients in order to share and further enhance the knowledge in the industry and society about latest developments in traditional product segments as well as in the emerging risks sector.

Our long-standing annual corporate donation scheme reflects another aspect of our socially beneficial activities. The program focuses on local social services and cultural activities as well as research and science related to the insurance sector. Three examples include our sponsoring of a visiting professor at the Institute for Insurance Education at the University of Cologne, our “100% matching” program for the private donations of our Cologne-based staff members and our annual scholarship for young classical musicians.

Environmental

(Re)insurance products are intangible. Therefore, there is no transport or storage-related environmental risk related to the production process.

By contrast, the importance of (re)insurance capacity to protect the economy in the area of natural catastrophes and other environmental risks highlights its particular positive contribution to global environmental matters.

The consumption of raw materials in our production process is mainly limited to energy consumption for buildings, IT and business-related travel.

While the nature of our direct reinsurance business model will always include business-related travel for client meetings and conferences, we are actively encouraging all employees to reduce business-related travel by prioritizing online meetings over physical travel, especially in the case of internal meetings. We have seen reductions of 40% in our travel-related transportation spending in the last five years.

We have a very small company car fleet in Cologne, including vehicles for business and private use. We were successful in gradually reducing the number of company cars over the past few years. Our current company car policy sets out clear rules for maximum CO₂ emissions of our company cars. A further revision of it is currently underway, which will regulate and incentivize the use of hybrid and electric vehicles as part of the fleet; already now such company cars can be ordered

and used. In addition, at the end of 2019, several e-charging stations were installed in the company’s underground car park in Cologne for use by our employees.

Wherever applicable, we are generally encouraging our workforce to choose transport by trains and other means of public transport over travelling by individual cars and air planes.

All Cologne-based staff members are eligible to a free-of-charge annual local public transport ticket (“Job ticket”) that can be used for their daily commute.

In 2016 we had an Energy Audit carried out for our office building in Cologne. The resulting report suggested a number of economic measures to reduce energy consumption, both short- and mid-term. We had originally planned to have all the suggested building technology-related measures implemented by the end of 2019. We had to extend the timeline due to some defects/building deficiencies that were only discovered when the work began. We are confident that all of the construction and engineering measures will be finalized by the end 2021.

In 2018 it was decided to appoint an Environmental Manager for GRAG. The Environmental Manager’s goal is the continuous improvement of GRAG’s environmental footprint – mainly by finding measures to save energy. The documentation of all actions taken is also part of the role. A Building-Monitoring-System (BMS) is being installed in parallel with the construction work in the Cologne office. It will provide continuous data on energy consumption within the building. With the help of the BMS, we will create a framework to continuously monitor and evaluate our energy consumption and implement measures to reduce it further. We expect the BMS dashboard to be complete by the end of 2021/early 2022.

In Cologne, we switched over entirely to a “green” electricity supply in the second half of 2019. We received a quality certificate from our local energy provider RheinEnergie that guarantees our electricity consumption is 100 percent covered by renewable energy sources.

Anti-Corruption

It goes without saying that any form of corruption or bribery is incompatible with conducting business in an ethical and fair manner. Therefore, Gen Re’s Code of Business Conduct strictly prohibits any activities to gain an unfair or illegal benefit – including, for example, any giving, offering, promising, inducing or receiving bribes, kickbacks, extraordinary or extra-contractual commissions and other unusual payments or any benefit in kind to or from any entity doing or seeking to do business with Gen Re. This also

includes the prohibition to give, offer or promise anything of value to public officials, employees or agents of state-owned or controlled companies.

The Code of Business Conduct also covers topics such as Anti-Money Laundering, Fraud Prevention, Antitrust, Anti-Competitive Agreements, Dealing with Competitors and Customers, Unfair Methods of Competition and Deceptive Practices, Monopolisation/Abuse of Market Power, Insider Trading, Trade Restrictions and Embargoes, Contributions, Prohibited Offers or Payments, Contact with Legislators and Regulators and Conflicts of Interest.

Maintaining awareness and promoting compliance with the Code of Conduct and applicable legal requirements is consequently a core element of our annual compliance training course program, which all employees are required to complete. Furthermore, each year we ask all employees worldwide to complete a Conflict of Interest Questionnaire; it is another important part of our internal compliance program. In addition, we have established appropriate processes and controls aimed at preventing and detecting violations and include strict anti-corruption clauses in relevant external service provider agreements.

Berkshire Hathaway's Business Culture

While only indirectly related to General Reinsurance AG's CSR-related activities and policies, we deem it appropriate to point out that Berkshire Hathaway Inc. has a long tradition of ethical conduct and an exemplary reputation for honesty and integrity.

At Berkshire, senior management strongly believes that a company's reputation is built on the actions of its people and their commitment to ethical behavior. The gist of this philosophy is best known among global Berkshire employees as "The Front Page Test", which refers to a famous quote of Warren Buffett, Berkshire Hathaway's renowned Chairman and CEO: "I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper – to be read by their spouses, children and friends – with the reporting done by an informed and critical reporter."

This unique philosophy is reflected in the Code of Business Conduct and Ethics, which is publicly available in the corporate governance section of Berkshire's website <http://www.berkshirehathaway.com/govern/govern.html>.

Every Berkshire employee each year receives Berkshire Hathaway's Ethics and Compliance Brochure, which includes an overview of focus areas and draws attention to their 24/7 Ethics and Compliance Hotline.

Footnote

* ESRB/European Systemic Risk Board, *Report on systemic risks in the EU insurance sector*.

Annex 1: The role of the insurance sector in the economy, Page 2, 4, 5.

https://www.esrb.europa.eu/pub/pdf/reports/2015-12-16_esrb_report_annex_1.pdf?dfa7d8f2ebd1606d8b2bf0c13a751e60.



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