

# ERGO Group AG Statement on the UK Modern Slavery Act

**This statement is made pursuant to section 54 (1) of the UK Modern Slavery Act 2015 and constitutes ERGO Group AG's (including its German subsidiaries) slavery and human trafficking statement for the financial year ending 31 December 2019.**

## The organisation's structure and its business

ERGO is one of the major insurance groups in Germany and Europe. With operations in 30 countries, the ERGO Group offers a comprehensive spectrum of insurance, provision and services. In the financial year 2019, ERGO recorded a premium income of 19 billion euros. It operates in all lines of primary insurance, with about 38,000 employees and sales agents throughout the world. At the end of 2019, the ERGO Group's investments amounted to 138 billion euros. They are managed by MEAG (MUNICH ERGO Asset Management GmbH) as the joint asset manager of Munich Re and ERGO which also makes its competence available to private and institutional investors.

## Group policies in relation to human rights

We are convinced that our business concept can only be successfully realised in the future through sustainable and responsible action. Therefore, we are committed to respecting human rights in line with internationally accepted human rights principles.

The Board of Management of Munich Re, the parent company of ERGO Group, has confirmed this commitment in a position on human rights, available on the Corporate Responsibility Portal at [www.munichre.com](http://www.munichre.com). Furthermore, Munich Re shows its commitment to human rights by participating in the United Nations' Global Compact, which Munich Re joined in 2007 and which also applies to ERGO as part of Munich Re. Its ten principles are included in our Group-wide Munich Re Code of Conduct.

## Assessment of human rights risks

For several years now, ERGO Group has been addressing its human rights due diligence in numerous ways. To identify human rights risks and impacts on our business and to strengthen our management systems, we have continuously analysed our sphere of influence.

In a systematic evaluation of potential risks, our Group defined the following four dimensions as critical to upholding human rights: employees, procurement, our core business of primary insurance and investment management. For each of these dimensions, we identify, assess and, if necessary, mitigate potential risks with regard to the infringement of human rights.

## Measures to manage human rights risks

For each of the four risk dimensions that we have defined – employees, procurement, our core business and investment management – we have implemented measures, guidelines, and governance instruments. This enables us to reduce or mitigate risks with regard to violations of human rights. These approaches also guide our decision-making in line with conscientious management practices.

- a) As an **employer**, ERGO undertakes to observe international human rights standards and provide optimum working conditions for its staff with special focus on occupational health and safety, promoting diversity, and equal opportunities. Our Group-wide Diversity Policy sets down the most important principles in this action field and forms the basis for overarching and comprehensive diversity management. The focus areas of gender, age and internationality are key for our activities. Equal treatment is an inherent part of our corporate culture. Our Code of Conduct and additional self-commitments for responsible behaviour specify that we expect our employees to observe the personal dignity, privacy and personality rights of every individual. We do not tolerate any discrimination (on grounds of age, sex, ethnic origin, nationality, political opinion, race, religion or the like), sexual harassment, other personal harassment, or insulting behaviour.
- b) ERGO Group procures many different goods and services throughout the world. Buying at best total value in terms of quality, time and costs, while ensuring compliance at all times, the procurement functions throughout the Group seek to make a substantial and lasting contribution to the success of ERGO Group.

Along the entire value chain, our **procurement activities** are shaped by a deep sense of corporate responsibility. Environmental, social and governance (ESG) criteria are at the heart of our approach and we expect our suppliers to meet them as well. We have established Procurement Principles to guide our interaction with our suppliers. These apply to most business units and will be extended Group-wide. The principles ensure compliance with ESG criteria and acceptance of the ten principles of the UN Global Compact in day-to-day interaction with suppliers.

In order to ensure compliance with the UN Global Compact in supplier relations, ERGO expects suppliers to accept the principles of the UN Global Compact at the beginning of a business relationship. If we are of the opinion that the principles of the UN Global Compact have been violated, we reserve the right to terminate the contractual relationship by extraordinary termination for good cause.

- c) Our parent company Munich Re has signed up to the Principles for Sustainable Insurance (PSI) and as such, we are committed to making allowance for ESG aspects that are relevant for our **insurance business**. The assessment of ESG aspects are a standard element in the development process of new products at ERGO. Our underwriters, too, systematically incorporate consideration of ESG aspects (including aspects of human and labour rights) into the risk assessments. They are guided by position papers and underwriting guidelines on various sensitive topics defining how underwriters are to handle ESG risks in insurance transactions.

ERGO Group has established the Reputation and Integrity Committee (RIC) for dealing with reputational risks that arise in the course of our business operations. At the instigation of the Board of Management or other specialist departments, the Committee shall carry out an objective and uniform assessment of reported (business) matters of any of the specialist departments of ERGO and its subsidiaries that represent potential reputational risks. The aim of the referral to the committee is to issue an appropriate and uniform recommendation for action for the Executive Board and the departments on the respective reported facts.

- d) Because our business model as an insurer has a long-term focus, sustainability criteria play a key, strategic role in **investment**. We are obligated to invest our clients' money sensibly and profitably in a manner that adheres to strict security and return requirements. Which is why our

Group has committed to observing the Principles for Responsible Investment (PRI) and considers it essential to integrate ESG aspects in our investment processes.

For the majority of our investments, our target is to be sustainable in accordance with our Group-wide Responsible Investment Guideline (RIG) and we track our progress in this regard in an internal sustainability index. A significant portion of our investments was sustainable in 2019. We systematically incorporate individually defined ESG criteria into the selection process for most asset classes. For investments in equities and bonds we use sustainability indices, ratings and specific ESG research by MSCI which also includes human rights issues. In the asset classes of infrastructure, renewable energies, forestry and farmland, ESG aspects are reviewed in the due diligence process for investments. We regularly review our sustainability criteria for all assets.

Suitable **monitoring systems** help us examine the effectiveness of our measures. We strive to continually improve our processes of due diligence and expand our screening of risks

If a violation of human rights is reported, or we learn of it by any other means, the units responsible will look into the violation. Every potential instance of misconduct will be investigated and clarified.

Employees have the opportunity to report incidents directly to their line managers, the Compliance Officer or to Internal Audit. To additionally strengthen the compliance system, an independent external ombudsman has been appointed. Furthermore, ERGO offers its staff members, clients, suppliers and other business partners a **whistleblowing portal** – publicly accessible on the ERGO Website – to report potential or actual compliance breaches. Here, relevant information can be exchanged safely and confidentially – globally and around the clock. The compliance unit receives this information and is responsible for processing it further. Everyone can provide information anonymously or under his or her own name.

### Training and capacity building on human rights

To raise awareness of human rights, all ERGO staff are required to attend training on the Code of Conduct every three years so that they are familiar with the main rules on compliance and are aware of the need to observe these rules in their daily work. This training includes, for example, the Equal Treatment Act, reporting of infringements, data protection and corruption.

### Final remark

We will continue to work on the implementation of human and labour rights aspects and to consider our obligations under the UK Modern Slavery Act 2015.

Düsseldorf, 30 June 2020



Dr. Markus Rieß  
Chairman of the Board of Management  
ERGO Group