

# 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 2020.**

## The organisation's structure, its business and its supply chains

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 2020, ERGO recorded a premium income of 18.5 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 2020, the ERGO Group's investments amounted to 141.7 billion euros. They are mainly 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 upholding 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.

We place particular emphasis on our core business and investments. We are conscious of the fact that there is a range of industries and projects that may have a major impact on the environment, local communities and other stakeholder groups. The systematic anchoring of environmental, social and governance (ESG) aspects in core business enables us to identify these risks and, in cooperation with our clients, to minimise them as far as possible.

## Measures to manage human rights risks

### a) Measures for each risk dimension

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

As an employer, ERGO observes international human rights standards and provides 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, different generations 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.

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. In principle, the risk of a conflict of standards is minimized due to the structure of ERGO's 3rd party spend. 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.

Our parent company Munich Re has signed up to the Principles for Sustainable Insurance (PSI) and as such, we are committed to implementing 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.

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. This 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, and we track our progress in this regard in an internal sustainability index.

Over 80% of our relevant investments were invested sustainably in 2020. We systematically incorporate individually defined ESG criteria into the selection process for the different 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.

#### b) General measures

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

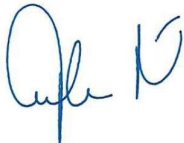
To raise awareness of human rights, all ERGO staff are required to attend training on the Code of Conduct every three years so that they are familiar with the main rules on compliance and are aware of the need to observe these rules in their daily work. This training includes, for example, equal treatment,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

## Progress in the financial year 2020

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.

- We are setting up a digital procurement system that will map the entire procurement process, from supplier registration and the ordering process to invoice processing. In the future, this will enable us to present the acceptance and documentation of the UN Global Compact principles in our supplier portfolio more transparently.
- The human right to health was obviously a particular concern for the Group in 2020. In the wake of the COVID-19 pandemic, the Group developed a comprehensive hygiene concept at an early stage to protect staff against infection with SARS-CoV-2 through a variety of work-safety measures. The plan included strict rules for behaviour in office buildings (including meeting rooms, restrooms, cafeterias and canteens), mandatory wearing of mouth and nose protection, guidance for unavoidable business travel including quarantine rules, and other measures. This hygiene concept was continuously adapted to the current pandemic situation across all locations worldwide. Several mouth-and-nose masks were distributed to each employee who entered an office building. From the beginning of the government-imposed lockdown measures, ERGO made it possible for a large part of the workforce to work from home. Increased flexibility in working hours has enabled parents to balance childcare, home schooling and work while following all social distancing rules.

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