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 2022.

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 over 25 countries, the ERGO Group offers a comprehensive spectrum of insurance, provision and services. In the financial year 2022, ERGO recorded a total premium income of 20.1 billion euros. It operates in all lines of primary insurance, with over 38,700 employees and sales agents throughout the world. At the end of 2022, the ERGO Group’s investments amounted to 125.7 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.

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, the procurement functions throughout the Group seek to make a substantial and lasting contribution to the success of ERGO Group.

Group policies in relation to human rights

Our business model is based on responsible, sustainable and forward-looking action over the long term. We regard the protection of human rights as a particular obligation, one that we strive to meet in line with internationally accepted human rights principles. It is part and parcel of our approach to corporate governance, which embeds economic, environmental and social requirements into our definition of success.

The Board of Management of ERGO Group AG, has confirmed this commitment by clearly stating ERGO’s declaration of principles on respecting and protecting human rights (it can be found on the ERGO website).

Munich Re, the parent company of ERGO Group is committed to upholding human rights duty of care along the value chain and to respecting internationally recognised human rights. In signing the UN Global Compact, we have committed ourselves to the following principles:

- to support and respect the protection of international human rights within our sphere of influence
- to take precautions to ensure that the Group is not complicit in human rights abuses such as human trafficking
- to uphold freedom of association and the effective recognition of the right to collective bargaining
- to avoid any forms of forced and compulsory labour and child labour
- to aim to provide employment and workplaces that are free from discrimination.
In addition to our commitments to this standard and others specified by the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI), our Group is committed to respecting human rights as defined in the following human rights-specific principles:

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights, consisting of the:
  - Universal Declaration of Human Rights
  - International Covenant on Civil and Political Rights
  - International Covenant on Economic, Social and Cultural Rights
- ILO Declaration on Fundamental Principles and Rights at Work

Assessment of human rights risks

ERGO Group’s management strives to prevent potential adverse impact on human rights arising from its business operations. To identify such impact, the following four dimensions have been defined: employees, procurement, our core business of insurance and investment.

As regards our insurance business and investment, we systematically take environmental, social and governance (ESG) criteria (including the observance of human rights) into account as part of the risk assessment and decision-making processes, which are regulated by specific guidelines.

Measures to manage human rights risks

a) Measures for each risk dimension

For each of the four risk dimensions we have defined (employees, procurement, our insurance business and investment management), we have implemented tools to guide our decision-making in line with conscientious management practices.

Employees

As an employer, we are committed to complying with international human rights standards and creating adequate working conditions for our staff such as transparent remuneration conditions, flexible working conditions and working-time models. 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.

Our Code of Conduct as a set of binding rules for all our staff members explicitly states that Munich Re does not tolerate any kind of discrimination in respect of employment and occupation and upholds the freedom of association and the effective recognition of the right to collective bargaining.

Procurement

In our procurement decisions and activities, we aim to adhere to compliance principles and thus assume corporate responsibility along the value chain. Environmental, social and governance (ESG) criteria play an important role for us in the procurement of goods and services. We have established appropriate procurement principles for working with our suppliers. We had previously required our suppliers to accept the principles of the UN Global Compact. Now we have made our expectations in terms of respecting human rights even clearer, by adopting a Group-wide Code of Conduct for suppliers. The risk analysis process that we are currently introducing will allow us in future to even better identify potential human rights breaches, and to mitigate or avoid them accordingly.

Our risk analysis determined that, given the nature of the goods and services we procure, there is only an increased risk of human rights violations among our suppliers in a few categories. We will assess these risks with particular diligence in the future.
Insurance

ERGO has set out in underwriting guidelines, how underwriters are to handle ESG risks in insurance business.

In the insurance business, sensitive business issues or sectors have been identified in which social aspects, including human rights, are taken into account in the risk assessment.

Mandatory guidelines and best practices relevant to human rights, among others, have been developed for these issues. For example, the exclusion of anti-personnel mines and cluster munitions (banned weapons) is mandatory. If the assessment of a potential transaction by our Underwriting, Integrated Risk Management or Sustainability Departments comes to the conclusion that there is significant reputational risk, the issue is escalated to the Reputation and Integrity Committee at ERGO. A strengthened risk analysis process is currently being developed, in addition to the existing specifications for taking ESG aspects into account, to support underwriters to identify risks of human rights violations.

Investment

We take a responsible investment approach by observing the Principles for Responsible Investment (PRI) and our Munich Re Group-wide Responsible Investment Guidelines (RIG), which was updated in the year 2022 with a strengthened focus on respecting human rights. Sensitive issues that could lead to reputational risks are dealt with in adherence to management and compliance processes as well as through specific Reputational Risk Committees (RRCs).

In our investments, government bonds and notes from quasi-governmental institutions rated CCC under the MSCI ESG system are excluded due to high risks related to socio-economic or political factors. These MSCI government ratings also take human rights into account.

As responsible investors, we also support the international conventions related to controversial weapons and exclude any direct investment in equities or bonds from companies active in those sectors.

b) General measures

Grievance mechanism

The compliance whistleblowing portal of ERGO Group allows employees, clients, suppliers and other business partners to report potential or actual human rights violations. Whistleblowers can access the portal by using the internal web or the publicly accessible company website. Employees can also report incidents to their direct managers, the Compliance Officer or the independent external ombudsman. This means that relevant information can be passed on safely, confidentially and, if desired, anonymously, worldwide and around the clock.

The platform can be used to report possible violations involving corruption, financial sanctions, fraud, antitrust, regulatory framework, money laundering, tax compliance, sales compliance, insider trading, data protection and also those related to human rights or personnel (e.g. gender discrimination, sexual harassment, diversity or violations of the principle of equal treatment).

Our Company investigates the matter if we become aware of a possible human rights violation. The investigations to be initiated and the procedures are defined and set out in an internal set of rules. Every possible case of misconduct is investigated and clarified. If we learn of human rights violations in an existing contractual relationship, we enter into dialogue with the relevant stakeholders.

Raising awareness: Training and capacity building on human rights

In order to raise staff awareness, familiarise them with the key compliance rules and help them understand the importance of following these rules at work at all times, employees re-certify their knowledge of the Code of Conduct regularly. This training course includes information on equal treatment, reporting of infringements, data protection and fraud.
The “ESG Basics”, a new Group-wide ESG awareness-raising measure, is aimed at all employees. It includes the ESG criteria relevant to our business success, such as climate and environmental aspects, social criteria such as working conditions and human rights, and compliance and governance requirements.

**Progress in the financial year 2022**

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.

In May 2022, Munich Re’s ESG Committee resolved to further refine the Group’s human-rights-related risk management. To fulfill due diligence obligations, our Group is currently setting up Group-wide processes to even better identify, analyze and assess potential risks to human rights, and to implement suitable measures to avoid and mitigate such risks.

- An updated Policy Statement was adopted by the Executive Board.
- Our Munich Re Group-wide Responsible Investment Guideline (RIG) was updated in the year 2022 with a strengthened focus on respecting human rights.
- We have started to develop a Group Guideline that will govern the implementation of the German Supply Chain Due Diligence Act, the necessary processes, measures and responsibilities in 2022. This will be implemented in 2023 and will include a set of rules for our suppliers and employees that will further clarify our expectations regarding respect for human rights and compliance with environmental standards. By implementing these measures, we will meet the requirements of the German Supply Chain Due Diligence Act.
- In addition, we will also adapt our due diligence process in the insurance business in the course of 2023. The process has already been developed and piloted and is specifically tailored around strengthened identification of human rights risks.

This Statement has been approved by the Board of Management of ERGO Group AG on 21 June 2023.

Düsseldorf, 30 June 2023

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