Swiss Re

2010 Corporate Responsibility Report
Committed to sustainable value creation

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The 2010 Corporate Responsibility Report sets out our commitment as a responsible company and describes in detail how we put this commitment into practice.

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Cover
In 2010, we helped set up a pioneering microinsurance programme in Tamil Nadu State, India. Sponsored by the state government, the programme provides health insurance to more than 10 million low-income families. We have supported the initiative by providing comprehensive risk management expertise as well as reinsurance capacity. More information on this and other Swiss Re efforts to extend insurance protection in emerging countries can be found on pages 14–19.

Executive statement

Dear stakeholders

We take pleasure in presenting the 2010 edition of our Corporate Responsibility Report. With this publication, we want to underline our commitment to being a responsible company and provide you with a detailed account of how we turn this commitment into practice. In our understanding, the essence of corporate responsibility is the desire to contribute to long-term, sustainable value creation. Addressing social and environmental challenges is key to this. At Swiss Re, we work towards these goals through many activities across our company. We are glad to report that our efforts culminated in a number of important achievements in 2010.

Since this report strives to offer an honest and credible account of Swiss Re's performance as a responsible company, we are especially pleased that our endeavours have received significant external recognition: For the third year running, we gained the insurance sector leadership position in the Dow Jones Sustainability Indexes in 2010. As a recognised leader in the field of corporate responsibility, we are also a signatory to the UN Global Compact. We will continue to implement its ten principles and regularly communicate on our progress.

Reinsurance creates economic and social value by offering financial protection against risk. In cooperation with clients both from the public and the private sector, we strive to develop innovative solutions that further extend the range of risks covered. In 2010, the main focus of these solutions was on natural catastrophes, adverse weather patterns and life and health risks, especially in emerging countries. We also completed studies for a number of clients on cost-effective adaptation measures to cope with the consequences of climate change; previously we had helped develop the unique methodology of these studies as a leading partner of the Economics of Climate Adaptation (ECA) Working Group.

In our risk management, we made further progress in addressing environmental, social and ethical risks. Based on our Sustainability Risk Framework with its eight sector and issue policies, we carried out detailed assessments of a total of 140 potentially risky business transactions. The pioneering character of our Sustainability Risk Framework was confirmed when we were invited to share our know-how with the Chief Risk Officer Forum and the UN Environmental Programme Finance Initiative.

In Swiss Re's efforts to maintain mutually beneficial relations with clients and other stakeholders, our publications and the Centre for Global Dialogue play a crucial role. They allow us to share know-how and insights on major risk developments and advance effective responses to them. In 2010, we produced a series of new publications, covering topics from longevity through climate change to country risk management. Highlights at the Centre for Global Dialogue included events on risk selection in life and health insurance and integrative risk management.

Reducing the environmental footprint of our own operations is another target area of our endeavours as a responsible company. Through our Greenhouse Neutral Programme and other measures, we have managed to cut our CO_2 emissions per employee by 50.6% since 2003. As in previous years, the calculation of our emissions was independently verified. We also made a decision in 2010 to continue our CO_{You2} Reduce and Gain Programme, which grants subsidies to our employees for private emissions-reducing investments.

Walter B. Kielholz

Stefan Lippe

We have a long-standing tradition to serve our stakeholders in wider society by acting as a good corporate citizen. In 2010, we provided direct assistance to several development projects, and rapidly set up relief support efforts after the tragic events in Haiti and Pakistan. A special focus of the past year was our Group-wide initiative to enhance our local volunteering and charity programmes. Many of our employees took full advantage of these opportunities and got involved in Community Days or Charity of the Year events.

As a globally operating company, we pride ourselves on our collaborative working environment and the diversity of our staff. Yet, we realise that there is still room for improvement. In 2010, we set up an initiative to further advance diversity and inclusion in our company. In its first year, this initiative put an emphasis on smoothing women's way into the higher layers of management.

Our employees are a key group among our stakeholders and, to conclude, we would like to address them directly. We know that it is their engagement, expertise and dedication that underpin Swiss Re's success in general and as a responsible company. We would like to take this opportunity to extend our sincere thanks to them.

Zurich, May 2011

Walter B. Kielholz
Chairman of the
Board of Directors

Stefan Lippe
Chief Executive Officer

Who we are and what we do

Swiss Re's mission is clear and simple: to be the leading player in the wholesale re/insurance industry.

Net premiums earned in 2010 by product line

- 23% Property
- 17% Casualty
- 13% Specialty
- 2% P&C non-traditional
- 30% Life
- 11% Health
- 4% Admin Re®

Swiss Re at a glance

Our business is "wholesale" re/insurance. This means focusing on large and complex transactions with insurance clients, corporate clients and public-sector clients – as well as with pension funds. We anticipate extreme scenarios and enable the risk taking that is essential to the development of enterprise and progress in society. This is what Swiss Re is all about.

Headquartered in Zurich, Switzerland, Swiss Re has operations around the globe, with 56 office locations in more than 20 countries. As of 2010, our 11 biggest markets, according to net premiums earned and fee income from policyholders, were: the United States, the United Kingdom, Australia, Canada, Germany, France, China, Italy, Japan, the Netherlands and Switzerland. In the past year, these 11 markets accounted for 81.4% of the Group's total premiums and fee income.

Swiss Reinsurance Company Ltd, the parent company of the Swiss Re Group, is a joint stock company, listed on the SIX Swiss Exchange, domiciled in Zurich, Switzerland, and organised under Swiss law. The other companies of the Group are not listed.

Our global presence

	Americas
Net premiums earned and fee income in 2010 (USD billions)	9.1 (USD 10.8 billion in 2009) USD 4.6 billion in 2010 for Property & Casualty USD 4.5 billion in 2010 for Life & Health
Number of offices	28
Number of employees Regular staff as of 31.12.2010	2 694 (2 803 in 2009)

Europe (including Middle East and Africa)	Asia-Pacific	Total
8.5 (USD 9.9 billion in 2009) USD 4.6 billion in 2010 for Property & Casualty USD 3.9 billion in 2010 for Life & Health	3.0 (USD 2.8 billion in 2009) USD 1.7 billion in 2010 for Property & Casualty USD 1.3 billion in 2010 for Life & Health	20.6 (USD 23.5 billion in 2009) USD 10.9 billion in 2010 for Property & Casualty USD 9.7 billion in 2010 for Life & Health
17	11	56
6 682 (6 784 in 2009)	986 (965 in 2009)	10 362 (10 552 in 2009)

Our business segments

Property & Casualty
Our product offerings encompass traditional reinsurance as well as insurance products for corporate clients. We are a pioneer in insurance-based capital market solutions and public-sector risk transfer. Combining global expertise and local knowledge, we provide all our clients with financially sound risk transfer solutions.

Life & Health
We are a leading provider of reinsurance to life insurance companies worldwide. With specialist knowledge of mortality, morbidity and longevity trends, we offer our clients sustainable, viable solutions to their risk and capital management needs, as well as support for product development. We also acquire closed life and health books of business, which we administer through Admin Re®.

Asset Management
We manage the assets Swiss Re generates through its business activities. Our priority to ensure that the assets match our reinsurance liabilities is underpinned by a robust asset-liability management framework. Based on the Group's prudent approach to risk taking and risk management, this framework allows us to optimise risk-adjusted economic profit in a disciplined and transparent manner.

The business model of reinsurance
Reinsurance creates stability. By managing risks and covering losses, we protect investments and enable economic growth.

In simplified terms, our business model works as follows:

We provide **tailor-made solutions** through traditional reinsurance or insurance-based capital market instruments. At the core of our expertise is the **costing, pricing and diversification** of non-life and life risks.

Against **up-front premium payments,** our solutions enable our **clients** to reduce peak risks, reduce earnings volatility, free up capital and finance growth, and achieve capital management targets for solvency and ratings.

We **invest assets long-term until money is needed,** applying asset-liability matching techniques to align the duration and currency of invested assets to the duration and currency of our insurance liabilities, ensuring that we deliver on our promises to our clients.

We **compensate for our clients' losses,** using effective claims management procedures that are based on industry best practice, providing speed of payment when clients need us most.

Key financial data

The table below provides an overview of Swiss Re's key financial data.

CHF millions unless otherwise stated	2009	**2010**
Total assets	232 748	**228 403**
Total investments	151 341	**156 947**
Total liabilities	207 404	**201 497**
Total debt*	27 289	**29 225**
Total shareholders' equity	25 344	**25 342**
Retained earnings	19 047	**19 651**
Total revenues	30 963	**28 835**
Premiums earned	22 664	**19 652**
Net investment income	6 399	**5 422**
Net realised investment gains	875	**2 783**
Total expenses	30 043	**26 160**
Claims and claim adjustment expenses	8 336	**7 254**
Life and health benefits	8 639	**8 236**
Income tax expense	221	**541**
Current tax expense	659	**696**
Deferred tax benefit	–438	**–155**
Net income**	496	**863**
Earnings per share in CHF (basic)	1.49	**2.64**
Dividends on common shares	30	**319**
Return on equity in %	**2.3**	**3.6**

* Total debt expressed as total carrying value
** Net income attributable to common shareholders

Operational Group structure

Board of Directors
Chairman
Vice Chairman
Members of the Board of Directors

Executive Committee
Chief Executive Officer
Members of the Executive Committee

Reinsurance
- Globals
- Europe
- Americas
- Asia

Corporate Solutions
- Regions & Specialty

Admin Re®

Products
- Property & Specialty
- Casualty
- Life & Health
- Corporate Solutions Underwriting
- Claims & Liabilities

Asset Management
- Chief Investment Office

Finance

Risk Management

Operations
- Human Resources
- Information Technology
- Legal
- Logistics
- Technical Accounting

Our approach to corporate responsibility

We are committed to being a responsible company. Contributing to sustainable, long-term value creation serves as a guiding principle for our practical actions.

Our core values:
Engagement
Excellence
Sustainability
Integrity

Swiss Re has a long-standing commitment to being a responsible company. A key element in our understanding of what this means is the wish to contribute to sustainable value creation, for the benefit of our clients and society at large. Sustainability constitutes one of our core values, along with engagement, excellence and integrity.

Swiss Re Group Code of Conduct:

"Swiss Re takes pride in being a law-abiding, ethical and socially responsible organisation that deals fairly and professionally with its stakeholders – our employees, shareholders, customers, government regulators and the general public."

Our strategic approach to corporate responsibility
Based on our core values and Group Code of Conduct, we have developed a strategic approach that lays down how we aim to put our commitment to corporate responsibility into practice. Our approach focuses on six areas across Swiss Re's business which we regard as key to creating sustainable, long-term value:

Sustainability as a guiding principle
Sustainability can be described as the progress that meets the needs of the present without compromising the ability of future generations to meet their needs. To be sustainable, development must improve economic efficiency, protect and restore ecological systems, and enhance social well-being. In all our main activities aimed at implementing corporate responsibility, the sustainability principle is a key criterion:

- **Business solutions**
  Within our core business (reinsurance and asset management), we strive to develop innovative solutions that help tackle key environmental and social challenges. To this end, we actively work together with our clients and partners, both in the private and public sectors.
- **Risk intelligence**
  We develop and apply tailor-made tools to extend the scope of our risk management. In this way, we seek to identify and appropriately address sustainability-related, ethical and emerging risks in our core business.
- **Risk dialogue**
  We regularly engage in dialogue with our stakeholders to advance our understanding of the changing risk landscape. By sharing and extending know-how, we strive to help our clients and society develop effective responses to key risks.
- **Our footprint**
  We apply best-practice standards of resource management to our properties and operations as well as guidelines to our procurement activities. In doing so, we continually reduce Swiss Re's direct environmental impact.
- **Corporate citizenship**
  Playing an active role in society beyond our core business is important to us. We support selected humanitarian and development projects across the world, while promoting volunteering and charitable work at our business locations.
- **Our employees**
  We want to provide our employees with a working environment conducive to their personal and professional development. We nurture a culture of diversity and inclusion across the company, offer first-class training opportunities and provide a range of health and other benefits.

Governance and management responsibility
At Swiss Re's highest governance level, the task of overseeing implementation of our commitment to corporate responsibility has been assigned to a Committee of the Board of Directors: It is one of the responsibilities of the Chairman's and Governance Committee to periodically monitor the Group's sustainability and citizenship activities.

At the level of operative management, corporate responsibility activities are driven forward by a number of different organisational entities. These include: Global Partnerships, Environmental & Commodity Markets, Sustainability & Political Risk Management, Asset Management, Construction, Emerging Risk Management, Issue Management & Messages, Internal Environmental Management, Sourcing, Corporate Citizenship and Human Resources. Sustainability & Political Risk Management also carries out certain coordination functions between units.

Disclosure and accountability
As part of our commitment to corporate responsibility, we have voluntarily reported on our performance for more than a decade. The range of topics covered in these yearly reports has continuously widened. While early editions had a strong focus on environmental concerns, later editions

gradually extended their focus to social and governance issues. Since 2007, we have published a comprehensive "Corporate Responsibility Report" guided by best practice in corporate responsibility reporting.

Content definition and scope

The content and structure of the present report reflect the way in which we strive to implement our commitment to corporate responsibility. The six priority areas defined in our strategic approach are each covered with an individual chapter. An additional chapter highlights some key features of Swiss Re's corporate governance regime, including the Group Code of Conduct.

- Creating sustainability solutions
- Extending our risk intelligence
- Exploring and shaping the risk landscape
- Reducing our environmental footprint
- Being a good corporate citizen
- Being an employer of choice
- Ensuring good governance

The report covers the whole Swiss Re Group, including all its subsidiaries, but its scope is limited to our own operations.

While we do provide information on our sourcing and procurement policies, we do not report on the performance of our suppliers, because the reinsurance business does not involve a proper supply chain.

As far as applicable to a business-to-business company in financial services, the report takes into account the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (www.globalreporting.org). We also indicate the application level that the report meets in our own assessment (ie "self-declared"). The detailed GRI content index is included in this report on pages 64–66. It incorporates our "Communication on Progress" for the UN Global Compact.

The present report succeeds the 2009 edition and covers the calendar year of 2010. We plan to maintain our yearly publishing cycle and to present our next Corporate Responsibility Report in late spring 2012, covering the year of 2011. It will again assess the progress made against our key goals stated on page 13.

Climate change

On a global scale, climate change is the biggest environmental challenge facing humanity. Swiss Re was one of the first organisations to realise its potential impact almost twenty years ago. It has since become an acknowledged thought leader on the topic and has developed several path-breaking initiatives, among them the Greenhouse Neutral Programme, the CO_{You2} Reduce and Gain Programme and – in partnership with other organisations – the Economics of Climate Adaptation (ECA) methodology.

The Group's strategy to tackle climate change rests on four pillars:

- Assess and manage risk: Swiss Re's aim is to advance its knowledge about climate change risk, to quantify it and, where required, to integrate it into its underwriting and risk management framework.
- Seize business opportunities: In response to its clients' needs, Swiss Re is committed to seizing climate change-related market opportunities and developing appropriate solutions for adapting to and mitigating climate change.
- Influence the business environment: Swiss Re's aim is to raise awareness about climate change risks, actively disseminate its knowledge to all stakeholders and advocate a long-term, market-based policy framework.
- Lead by example: Swiss Re has been greenhouse neutral since October 2003 and is committed to reducing its emissions per employee by 45% by 2013.

A complete overview of Swiss Re's activities related to climate change is available on our website at www.swissre.com/rethinking/climate/

Corporate responsibility goals
Each year, we publicly state our main corporate responsibility goals and then report on our progress made against them in the following year. Below is our progress report on the goals defined for 2010. The goals for 2011 are presented on the next page.

Report on 2010 goals

- Continue to develop risk transfer solutions for emerging and developing countries, using the potential of public-private partnerships.
→ Completed several solutions covering windstorm, earthquake and weather risks, and helped to set up a pioneering life & health microinsurance scheme in India.

- Consolidate our framework to manage social, environmental and ethical risks, and help raise awareness of such risks in the re/insurance industry.
→ Screened a record 140 business transactions for sustainability risks and made a major contribution to a corresponding industry initiative by the Chief Risk Officer (CRO) Forum.

- Actively promote Economics of Climate Adaptation (ECA) methodology to help decision-makers devise cost-effective adaptation strategies to climate change.
→ Completed several ECA studies for clients, including the first one for a private-sector company, focusing on the US Gulf Coast.

- Enhance our local volunteering and charity programmes, thus offering our employees the opportunities for active community involvement.
→ Firmly established our Group-wide "Community Day" and "Charity of the Year" programmes, holding corresponding events in many of our locations around the world.

- Raise our CO_2 emission reduction goal from 30% to 45%, ie permanently reduce our emissions per employee by 45% against 2003 baseline by 2013; and continue to improve per-capita energy efficiency at our locations.
→ Arrived at a total reduction in CO_2 emissions per employee of 50.6% and an improvement of energy efficiency by 30.1% since 2003.

Corporate responsibility goals for 2011

These are our main corporate responsibility goals for 2011. We will report on our progress made against these goals in the next report.

Further build and deepen relationships with public-sector clients through our newly created Global Partnerships business function.

Complete further regional studies to help clients devise cost-effective adaptation strategies to climate change, based on the Economics of Climate Adaptation methodology.

Continue to embed our Sustainability Risk Framework into core business operations and advance the insurance industry's adoption of such risk management practices.

Maintain 50.6% reduction in CO_2 emissions per employee under post-crisis business conditions and increase gains in energy efficiency to 32%, both measured against 2003 baseline.

Leverage our comprehensive risk expertise to support communal capacity building projects, and further enhance employee engagement worldwide.

Foster an inclusive corporate culture that enables diversity and ensures equal opportunities across the Group, thus leveraging the competitive advantage of a diverse workforce.

Creating sustainability solutions

We develop innovative solutions that help tackle sustainability challenges. Focus areas are natural catastrophes, climate change and insurance cover in emerging countries.

Within our core business (reinsurance and asset management), we strive to develop innovative solutions that help tackle key environmental and social challenges. To this end, we actively work together with our clients and partners, both in the private and public sectors.

Swiss Re's core business is to offer its clients and society financial protection against risk. By helping to create economic and social stability, reinsurance thus makes an important contribution to sustainable development. Over the last few years, we have sharpened our focus on developing innovative risk transfer solutions that help address specific environmental and social challenges. Currently, many of these innovations include one or more of the following elements:

- Insurance-linked securities (ILS) or "cat bonds": We have been a leader in the development of these products, which enable large risks to be transferred to the capital markets.
- Weather insurance products: We have been a pioneer in creating instruments offering protection against a range of weather-related losses, including index-based solutions.
- Public-sector clients: In addition to direct insurers and corporate clients, we seek to develop risk transfer solutions for governments and public-sector organisations.
- Climate change adaptation: While reducing CO_2 emissions remains essential, we believe it is indispensable to develop instruments that facilitate adaptation to climate change.
- Emerging and developing countries: We strive to create products suitable to extend insurance cover in these non-traditional markets.

In 2010, we succeeded in completing several new risk transfer solutions based on this innovative mix of approaches.

The Caribbean Catastrophe Risk Insurance Facility (CCRIF)
Swiss Re is the lead reinsurer for the Caribbean Catastrophe Risk Insurance Facility (CCRIF). Owned and operated by 16 Caribbean governments, this risk-pooling facility aims to limit the financial impact of catastrophic hurricanes and earthquakes. For natural disaster insurance to be effective, it is essential that payouts can be made quickly after a serious event. This is why CCRIF has been designed as a parametric solution, which uses the physical parameters of events (strength of earthquakes, wind speeds) to calculate overall losses and to determine payout levels. Such products enable governments to plan ahead and to secure guaranteed levels of funding before catastrophes occur; CCRIF marks the first time this approach has been taken by a whole region.

Jamaica and other Caribbean countries face substantial windstorm risks. We are the leading reinsurer of an insurance facility that provides 16 Caribbean countries with financial protection against such risks.

Several member countries benefited from CCRIF in 2010. The government of Haiti received a payout directly after the devastating earthquake in the country. While the payout sum was modest in relation to the enormous overall damage, the full cover was paid out rapidly, thus helping to finance emergency measures to provide food, shelter and medical treatment. The government of Anguilla was paid in September after Hurricane Earl had damaged buildings, downed power lines and caused flooding and beach erosion. And in November, the governments of Barbados, Saint Lucia and St. Vincent & the Grenadines all received payments following tropical cyclone Tomas.

Many developing nations also find themselves in the front-line facing the potential effects of a changing climate. In 2010 CCRIF invited us, as a principal member of the Economics of Climate Adaptation (ECA) working group, to help refine its disaster risk management in the light of climate change. Launched in 2009, the ECA framework is a pioneering instrument to assess total climate risks and to identify cost-effective adaptation strategies (see pages 16–17).

An ECA study with analytical input from Swiss Re of eight CCRIF countries found that, for some of them, damage from wind, storm surges and inland flooding already amounted to 6% of GDP, a figure that could rise by another 1% to 3% by 2030, assuming a strong climate change scenario. But the study also revealed that most of these countries could implement cost-effective adaptation measures to limit losses, ranging from constructing sea walls to enforcing building codes. Establishing the right local mix of practical adaptation measures and risk transfer through insurance will be essential for dealing effectively with climate change in the future. Furthermore, insurance puts a price tag on the risk, thereby creating an incentive to improve prevention.

Hurricane protection for the Alabama State Insurance Fund

Interest in parametric risk transfer solutions is also growing among governments of high-income countries. Though a much larger proportion of direct losses will be covered by insurance in the event of a natural disaster, public authorities still face similar challenges in funding emergency measures and dealing with uninsured economic losses.

In 2010, Swiss Re developed a three-year parametric hurricane solution for the Alabama State Insurance Fund (SIF) in the US – the very first programme of its kind. Southern US states in general face a large and growing risk from catastrophic hurricanes. In southern Florida, for example, annual losses from hurricanes are estimated to rise to USD 33 billion by 2030, or 10% of the region's total GDP, under a strong climate change scenario.

The parametric solution developed by Swiss Re means that the SIF would rapidly receive a payment if a hurricane of a certain strength reaches Alabama. This would give the state government the flexibility to apply funds when and where they are most needed, be it to cover emergency response costs, replace lost tax revenue or fund increased insurance costs.

Economics of Climate Adaptation (ECA) studies

Today, some 3.4 billion people worldwide are already threatened by natural hazards, most of them in the developing world. Climate change is expected to further increase the vulnerability of these communities by causing more frequent and severe storms, floods, droughts and other natural disasters. As climate-related risks continue to rise, adaptation measures are rapidly becoming a priority.

However, adapting to climate change poses a significant challenge. Much uncertainty remains over its impact on individual communities, yet national and local decision-makers need to decide how to allocate scarce financial resources. With a view to developing a practical decision-making framework, Swiss Re assumed a leading role in the Economics of Climate Adaptation (ECA) Working Group. Officially launched

ECA study on the US Gulf Coast for Entergy Corporation

The economy of the US Gulf Coast is largely supported by the oil and gas industry. In total, industrial assets in the coastal areas of Texas, Mississippi, Alabama and Louisiana are worth more than USD 2 trillion, around 90% of which is owned by oil and gas companies. But wind and storm surge damage from hurricanes already costs the region about USD 14 billion per year on average. Economic growth, land subsidence and climate change will lead to a further increase in these costs.

Entergy Corporation, the third-largest utility company in the US, commissioned an ECA study to quantify local climate risks and determine effective adaptation measures. Using Swiss Re's expertise in natural catastrophe modelling and risk assessment, the study found that economic losses to properties, infrastructure and energy sector assets could climb 50–65% to USD 23 billion per year by 2030, resulting in cumulative losses of USD 350 billion.

Just as importantly, however, the study found that a number of economically sensible measures are available to avert a substantial part of the expected damage. Investing USD 50 billion over the next 20 years is estimated to reduce losses by about USD 135 billion over the same period. Improved building codes, beach nourishment (see picture) and roof cover retrofits emerged as effective measures. To protect against losses from the most extreme events, however, insurance offers the best cost-benefit ratio.

Beach nourishment describes a process through which sand lost due to erosion is replaced from other sources. In many areas it is a cost-effective way of adapting to the consequences of climate change. The picture shows a beach nourishment project on the US Gulf Coast.

in autumn 2009, the ECA methodology offers decision-makers a systematic, facts-based approach to understand the impact of climate change on their economies and to identify the most cost-effective adaptation measures.*

In the first year after its introduction, the ECA methodology has met with significant interest. By the end of 2010, we had carried out a total of 17 studies on locations spread around the world. A key insight from the studies is that the selection of adaptation measures is not strongly dependent on the chosen climate change scenario. Many of the measures are cost-effective in any case.

The insurance-linked securities sector
Swiss Re is a key player in the insurance-linked securities (ILS) sector. ILS are capital market instruments, typically in bond or derivative format, designed to meet the risk or capital management needs of a transaction "sponsor". In exchange for a coupon or premium payment, the sponsor receives single or multi-year collateralised protection for specified risk events. If such an event occurs, the sponsor receives all or part of the principal; otherwise this is paid back to the investors in full at maturity.

Insurance-linked securities are particularly well-suited to provide protection against peak risks – events that happen infrequently but tend to lead to high losses, for example earthquakes or windstorms. ILS are used for both risk and capital management purposes in the property & casualty and the life & health business. For reinsurers they are attractive because they free scarce capital; for insurers and corporate clients they provide multi-year collateralised protection; and for investors they offer attractive diversification possibilities, as they are relatively uncorrelated with other asset classes.

In 2010, our registered broker-dealer subsidiaries underwrote and distributed to institutional investors non-life ILS worth USD 489 million on behalf of Swiss Re. They underwrote and distributed an additional USD 1 185 million of non-life ILS for Swiss Re clients.

Non-life ILS underwritten by Swiss Re

Health microinsurance programme in Tamil Nadu State, India
Over the last few years, we have helped establish several microinsurance programmes. In 2010, we played a key role in supporting a health microinsurance programme in Tamil Nadu State, India, by providing comprehensive risk management expertise as well as reinsurance capacity. Sponsored by the state government, the scheme offers health insurance to more than 10 million low-income families. It is the largest microinsurance programme implemented to date anywhere. Swiss Re leads the central component of the reinsurance programme, which has a multi-year term and uses several reinsurance structures.

Health microinsurance is one of the most beneficial insurance products for families on low incomes, and governments are becoming more aware of the opportunities offered by innovative partnerships with the insurance industry. However, health microinsurance is also one of the most challenging products to develop. Swiss Re is dedicated to supporting viable micro-insurance schemes – the microinsurance initiative in Tamil Nadu is a good example of how social and economic goals can be achieved in parallel.

Weather insurance solutions
In 2010, we again played an important role in creating innovative weather insurance products to provide financial cover against adverse weather conditions in emerging countries. Since many people's livelihoods are closely tied to agricultural production in these countries, affordable weather insurance products can make a vital contribution to promoting economic and social development.

Insuring loans against low rice yields in Vietnam
In Vietnam, we helped create an index-based programme for the country's agriculture bank (Agribank) that protects loans against the effects of low harvest yields as a result of floods, typhoons and droughts. Under the arrangement, Agribank, which is a key provider of agriculture loans in Vietnam, can now insure

* The ECA methodology is described in the report "Shaping Climate-Resilient Development: A Framework for Decision-Making", available at www.swissre.com/rethinking/climate/

its rice farmer clients against the inability to make loan repayments due to low yields, through its insurance arm ABIC. The risk is, in turn, transferred via reinsurance to Swiss Re and the Vietnam National Reinsurance Corporation (Vina Re).

The programme is the first index-based agricultural insurance programme to be introduced in Southeast Asia. Payouts will be determined by an independent area-yield index that is based on data from the Vietnam Bureau of Statistics. In addition to offering reinsurance capacity, we provided know-how in structuring and implementing the programme. Such index-based solutions can be more attractive than conventional insurance, because they can be offered to large numbers of farmers, are transparent in structure, have low administrative costs and enable fast payouts.

Kilimo Salama Plus programme in Kenya

Kilimo Salama means "safe farming" in Kiswahili, the language spoken in much of northern Kenya. Kilimo Salama Plus is the name of a crop insurance programme established in 2009 as a collaboration between local insurer UAP, the not-for-profit Syngenta Foundation and local mobile phone operator Safaricom. The programme insures the cost of inputs (seeds, fertilisers) and the expected value of farm harvests, covering yield shortfalls due to insufficient or excessive rain. Swiss Re reinsures the programme and provides actuarial support to price the insurance cover.

The programme is poised for a significant expansion in 2011, which will more than triple the number of farmers covered under the scheme to a total of around 50 000, as well as include crops such as maize, wheat, beans and sorghum for the first time. Kilimo Salama Plus is the first insurance scheme in Africa to use mobile phone technology to speed up access and payouts to rural farmers, through Safaricom's well-established and trusted M-PESA mobile money transfer service.

The Kilimo Salama Plus crop insurance programme in Kenya helps protect the livelihoods of smallholder farmers. We reinsure this programme and provide actuarial support to it.

Indian insurance schemes for smallholder farmers

With an average of 3.3 acres per farm holding, the Indian agricultural sector is dominated by small-scale farming. Some 65% of the arable land relies on monsoon rainfalls, so variations in the temporal and spatial distribution of rainfall can lead to severe downturns in agricultural production. To provide insurance to predominantly smallholder farmers, public and private sector insurance companies in India run two schemes: weather index based and area yield index based, which together cover more than 60 crop types over two main agricultural seasons.

Swiss Re started to support weather index based schemes in India in 2004, when a small pilot covering groundnut farmers was launched by a local insurer and microfinance institution Basix. We have been providing Indian insurers with support for product structuring, pricing and underwriting, as well as reinsuring the risks. In 2007, the Indian government set up the Weather-Based Crop Insurance Scheme (WBCIS), providing premium subsidies to make these products more affordable to farmers. The WBCIS has been growing steadily since, reaching more and more beneficiaries in around 20 states in India. Swiss Re is the leading reinsurer of the scheme, providing support to all five companies which implement it.

The Modified National Agriculture Insurance Scheme (MNAIS) was established as a pilot in winter 2010, chiefly to overcome shortcomings of the National Agriculture Insurance Scheme (NAIS), which had been in existence since 1999. MNAIS has been designed to be more farmer-friendly and to offer an actuarially priced product that can be commercially sold by insurance companies. It is an area yield index insurance, which is based on agriculture production statistics as measured and reported by official sources such as government entities or industry associations. The insurance pays out if actual production – as reported by these sources – falls below a predefined level. Each tonnage of yield or production shortfall is then compensated with a pre-agreed monetary amount. Swiss Re is one of the lead reinsurers of MNAIS: We provide capacity to all five insurers that implement the scheme and, in addition, offer actuarial support.

Investment in UBF Seguros

As part of our efforts to help increase insurance protection in emerging countries, we made a direct financial investment in Brazilian company UBF Seguros, in partnership with the International Finance Corporation (IFC). UBF Seguros has been a pioneer in the development of the Brazilian surety and agricultural insurance business, and we have supported the company since its establishment.

The investment, which makes Swiss Re the majority control shareholder and the IFC the sole minority investor, will help UBF Seguros to develop innovative products in the liberalised Brazilian insurance market. Demand for effective insurance protection is growing particularly fast in Brazil as a result of significant investments in infrastructure, energy and agriculture. While an expanded surety market can facilitate infrastructure construction, modern agro-insurance products will widen access for over two million farmers to private and public insurance schemes, thus helping to increase incomes in rural areas.

Sustainability portfolio

CHF millions, as of 31 December 2010	2007	2008	2009	**2010**
Investments (at market value)	286	256	240	**268**
Unfunded commitments	330	439	247	**136**
Total portfolio	616	695	487	**404**

Sustainability portfolio
In our asset management operations, we manage a portfolio of assets in the area of innovative solutions for climate change mitigation and other sustainability challenges. Its focus areas are renewable energy, energy efficiency, water, waste management and agriculture. In building the portfolio, we have worked with a narrow selection of fund managers and have benefited from preferred access to attractive direct and co-investment opportunities through our internal and external expert networks.

As of 31 December 2010, this sustainability portfolio had a total value of CHF 404 million, comprised of investments worth CHF 268 million (net asset value) and of unfunded commitments worth CHF 136 million.

Direct real estate investments
In Switzerland and Germany, we hold a sizeable portfolio of direct real estate investments, that is, we invest directly in the construction of new buildings, both for residential and commercial use. Sustainability criteria play an essential role in these investments, which had a total value of more than CHF 2.1 billion at the end of 2010. In addition, we own office buildings for proprietary use.

For all our real estate projects in Switzerland, the Energy Mission Statement of Swiss Re, Zurich, lays down strict sustainability guidelines: New buildings always need to conform to the MINERGIE® standard (www.minergie.ch), a Swiss quality label specifying high levels of energy efficiency and superior user comfort. For renovations of old buildings, we apply the standard whenever this is feasible from an architectural, technical and financial point of view. By the end of 2010, we had developed buildings with a total floor space of more than 200 000 m² in accordance with the MINERGIE® standard, some of which we had successfully sold on.

We make regular use of further standards, including MINERGIE-ECO® (which adds requirements on health aspects and building materials) and "Gutes Innenraumklima" ("good interior climate"). In addition, we started to apply the MINERGIE-P-ECO® standard in 2009; this specifies the characteristics of a "passive house" – a house that uses "passive" sources for most of its heat generation and consumes even less energy than a MINERGIE®-certified building. We expect to see a project applying MINERGIE-P-ECO® to reach the construction phase for the first time in 2012.

"Swiss Re Next" – our ambitious project to construct a replacement building at the Group's Zurich headquarters – made further progress in 2010, with the completion of the private design plan for the local authorities. Sustainability will be a defining feature of the building. The project definition clearly states that the new building should set a leading example of top-class sustainable construction. Meeting the requirements of the MINERGIE-P® standard will be compulsory, but it is also intended to seek certification according to MINERGIE-P-ECO® (see above) and the internationally renowned LEED® Platinum standard (www.usgbc.org). The standard of energy efficiency we aim for with Swiss Re Next is in line with the objective of a 2 000 watt society.

Extending our risk intelligence

We apply tailor-made tools to extend the scope of our risk management. This helps us identify and appropriately address ethical, sustainability-related and emerging risks.

Swiss Re has comprehensive risk management processes in place to identify, assess and control the Group's risk exposures. The main categories of our risk landscape comprise core risks (insurance, financial market and credit) as well as operational and other risks that arise as a result of doing business (see 2010 Financial Report, pages 39–47).

As part of our integrated approach to risk management, we have also developed formal processes to address specific types of risk that continue to grow in significance: environmental, social and ethical risks on the one hand, and emerging risks on the other. Having the means and know-how to adequately deal with these risks in our core business forms a key element of Swiss Re's commitment to corporate responsibility. At the same time, it makes good business sense because it helps us prevent potential underwriting losses and damage to our reputation.

Our Sustainability Risk Framework
In 2009, we introduced our Sustainability Risk Framework to formally identify and

Gold mines can cause substantial impacts on their environment. With our Sustainability Risk Framework and Sensitive Business Risk assessments, we have tools in place to address such risks in a consistent manner.

Sensitive Business Risk referrals
By industry, 2010

- 46% Extractive industries
- 20% Defence
- 10% Dams and infrastructure
- 3% Medicine and health
- 21% Other

Number of Sensitive Business Risk referrals

- Proceed
- Proceed with conditions
- Abstain
- Not materialised

address environmental, social and ethical risks in our core business. The framework comprises policies on eight sectors and issues: defence industry, oil and gas (including oil sands), mining, dams, animal testing, forestry and logging, nuclear weapons proliferation and an overarching human rights and environmental protection policy.

The Sensitive Business Risks process

Each of the eight policies contains predefined criteria and qualitative standards. If any of them applies to a transaction, a "Sensitive Business Risks" (SBR) process must be triggered. This is a due diligence assessment carried out by our in-house sustainability experts to identify potential environmental, social or ethical risks and to establish whether the principles expressed in our Code of Conduct may be in danger of being violated. The outcome of the assessment is either a recommendation to go ahead with the transaction, to go ahead in adherence with certain conditions, or to abstain from it. Should they disagree with the recommendation, our underwriters and asset managers can escalate the case to the next management level.

Originally, the SBR process was created in 2002 as a voluntary risk management tool enabling our underwriters, client managers and asset managers to seek ad-hoc advice on transactions that were potentially sensitive. The introduction of the Sustainability Risk Framework made it clear when an assessment becomes mandatory.

In 2010, the number of submitted SBR cases rose to 140 – the highest ever. We issued negative recommendations in 19 cases, and positive recommendations with conditions in 20 cases.

Exclusion criteria

The policies of our Sustainability Risk Framework also define criteria that may lead to the exclusion of a company from our business. These include the manufacturing of anti-personnel mines; verifiable complicity in systemic, repeated and severe human rights violations; and the infliction of repeated, severe and unmitigated damage to the environment. Moreover, Swiss Re does not participate in re/insurance transactions or investments that could facilitate the proliferation of nuclear weapons.

We also exclude business with, or related to, countries that have a particularly poor human rights situation and which may be associated with the regime and its commercial affiliates. At present, the excluded countries (for human rights reasons) are Iran, Myanmar, North Korea, Somalia and Sudan.

To determine the companies, projects and countries to be excluded from business, we have developed a proprietary methodology and work closely with an external data provider which is recognised as a leader in its field.

Client and industry interaction

The Sustainability Risk Framework is communicated to all newly hired staff with client-facing functions. In our interactions with clients, sustainability risk management now frequently features as an agenda point. We have seen interest in this matter grow substantially among some clients over the last year. Brokers, too, are beginning to show more interest in these topics. We have had extensive discussions with clients who were directly affected by the framework, outlining our approach to sustainability risk management in the process.

To our knowledge, we were the first large global reinsurer to introduce such a wide-ranging framework to address sustainability and ethical issues throughout its core business. Any self-imposed business restriction for the sake of sustainable development is more effective when a large number of players act in unison, however. Therefore, we were very pleased to see that the Chief Risk Officer Forum (CRO Forum) took up the issue and published its "Recommendations for Managing Environmental, Social and Ethical Challenges in Business Transactions" in August 2010 (see page 24). We were able to contribute to this publication and have since been invited by the Insurance Commission of the UN Environmental Programme Finance Initiative (UNEP FI) to facilitate the CRO Forum's input into the Commission's own project on the Principles for Sustainable Insurance.

Managing emerging risks
New economic, technological, socio-political, regulatory and environmental developments result in a risk landscape that is shifting ever more rapidly today. In addition, there are growing interdependencies between these developments, which can lead to an increasing accumulation of risk and substantial ripple effects. Reinsurers also need to be aware of further changes in the business environment: liability and regulatory regimes continue to evolve, stakeholder expectations are strengthening and risk perceptions shifting.

These trends may give rise to so-called "emerging risks" – newly developing or changing risks that are difficult to quantify and whose potential business impact is not, or only partly, taken into account at present. Within Swiss Re's integrated approach to risk management, the investigation of such risks (and associated opportunities) in a pre-emptive way forms an important element.

The key objective in managing emerging risks is to reduce uncertainty and help diminish the volatility of business results. While risks today are assessed largely reactively based on loss experience, a faster pace of change requires a more anticipatory approach. This requires translating risks associated with high uncertainty into a quantifiable measure.

Our SONAR framework
To address emerging risks in an appropriate manner, we have a Group-wide risk management framework called SONAR ("systematic observation of notions associated with risk"). Firmly embedded in the Group's risk management organisation, SONAR allows us to identify and assess emerging risks and to feed the resulting insights into the relevant decision-making processes. The assessment methodologies we apply as part of SONAR can vary in depth and scope. However, thinking in scenarios plays an increasingly important

Renewable energy, smart grids and energy storage – a source of emerging risks?
Driven by growing energy demand, the dwindling of easily accessible fossil fuels and the challenge of climate change, energy infrastructures are expected to change substantially over the next 20 years. Not only will various renewable sources account for a growing share of energy generation. The need to link these new, decentralised sources of power generation and to vastly improve the efficiency of energy transport and use will give rise to an entirely different kind of electricity grid – the "smart grid". This term is used to denote an electricity network that utilises smart metering, communication and control technologies to intelligently integrate the behaviour and actions of all users connected to it. In order to introduce flexibility and to optimise overall performance, the ability to store energy will be a key requirement on smart grids.

Renewable energy technologies such as solar and wind carry new risks in themselves. Many of these are hard to assess at present, because statistical loss experience is lacking. In addition, the energy infrastructure of the future will create new interfaces and, thus, increase complexity. This can already be seen as a potential source of emerging risks. Addressing these risks will play an important role in facilitating the transition to smart grid technology. It requires a new risk management approach, however, at the core of which lies an in-depth understanding of the different technologies and their interfaces. Though smart grid electricity is still in its infancy, Swiss Re is making provisions to carefully monitor its development.

role in them. These scenarios can be understood as rigorously conducted thought experiments on possible future situations.

In 2010, we made further refinements to the SONAR framework. At the identification stage, we significantly expanded the range of potential contributors by utilising an interactive web 2.0-based platform. And in order to streamline communication of important findings, we introduced a new, bi-annual reporting format. Over the whole year, more than 200 notions were fed into the SONAR process, drawing on all main areas of the shifting risk landscape. Specific risk developments we took a closer look at include lead emissions, the EU Environmental Liability Directive, the smart grid (see page 23), terahertz technology, cyber vulnerability and power blackouts.

Strategic risk initiatives

In cooperation with external partners, we actively contribute to four strategic initiatives related to emerging risks. Our goal is to raise awareness of selected emerging risks and to support the business community in prioritising, communicating and managing them:

WEF – Risk Response Network (RRN)
The World Economic Forum's Risk Response Network (RRN) aims to address the new world of risk we live in. It provides a platform to better understand, manage and respond to complex, interdependent risk.
www.weforum.org/community/risk-response-network

Chief Risk Officer Emerging Risk Initiative (CRO ERI)
The CRO ERI was launched in 2005 as part of the CRO Forum to raise awareness of major emerging risks relevant to the insurance industry and society as a whole.
www.croforum.org/

Publications with partner organisations

The main goal of the CRO Forum's **Recommendations for Managing Environmental, Social and Ethical Challenges in Business Transactions** is to assist insurance providers in the first step to becoming more aware of their indirect impacts and to provide guidance with respect to handling them.
www.croforum.org/publication/cro_forum_sustainability_framework_august_2010/

The result of extensive input throughout the previous year by experts from business, academia and the public sector, **Global Risks 2010** highlighted a number of slow-moving risks exacerbated by the financial crisis and the global economic downturn, and stressed the continued need to further enhance global resilience to risks.
www.weforum.org/reports

The **CRO Briefing on Longevity** found that demand for longevity risk mitigation solutions is growing and life insurers should play an important role. However, their current capacity to take longevity risk onto their balance sheets is small relative to global longevity risk exposure. Developing solutions to transfer longevity risk to the capital markets can help.
www.croforum.org/publication/eri_longevity/

International Risk Governance Council (IRGC)
The International Risk Governance Council (IRGC) is an independent organisation whose purpose is to help the understanding and management of emerging global risks that have impacts on human health and safety, the environment, the economy and society at large.
www.irgc.org

iNTeg-Risk
The purpose of iNTeg-Risk is to coordinate research and development sub-projects for improving the management of emerging risks related to new materials and technologies in European industry.
www.integrisk.eu-vri.eu/

As a partner of these strategic risk initiatives, we contributed to four reports on relevant risk developments in 2010 (shown below).

Nanotechnology has tremendous potential but also presents insurers and reinsurers with significant challenges. The **CRO Briefing on Nanotechnology** recommended that assessing risk over the life cycle of these nanomaterials should be standard practice for the nanotechnology as well as the re/insurance industry. The latter needs to stay abreast of environmental, health and safety hazards, as well as regulatory developments.
www.croforum.org/publication/eri_nano/

In the report **The Emergence of Risks: Contributing Factors,** IRGC argued that emerging, systemic risks, even though they originate in different parts of the world and various sectors of the economy, are not isolated events. To the contrary, such risks emerge from a common "fertile ground" that is cultivated by twelve generic factors.
www.irgc.org/-Publications-.html

Principles for Responsible Investment
Our efforts to integrate sustainability-related considerations into our daily business also apply to our asset management operations. In 2007, Swiss Re signed the UN Principles for Responsible Investment (PRI). When we started to implement the PRI, we put the initial focus on our actively managed portfolio of listed equities. We developed an overarching policy to formalise the use of environmental, social and governance (ESG) criteria in equity analysis and began to incorporate practical guidelines in 2008. As a result of the financial turmoil that year, however, the Group decided to change its investment process and significantly reduced the portfolio of listed equities it managed in-house.

In the current investment process, where we outsource the management of certain assets to third-party asset managers, our commitment to the PRI remains intact. An essential precondition of the selection process to find suitable asset managers for the outsourcing assignment is the capability to implement the PRI in the investment process. Consequently, the appointed asset managers are responsible for security selection within the defined investment universe; however, Swiss Re defines certain overall constraints and disqualifies certain countries and companies, according to our Sustainability Risk Framework (see pages 21–22). In recent years we have successfully executed this approach, outsourcing around USD 25 billion in investments to various third-party asset managers.

Research partnerships
Adequately addressing key risks in our underwriting and risk management framework requires a thorough understanding of them. To advance our knowledge of specific risks, we often find it beneficial to complement our own expertise through external research. For this purpose, we engage in research projects with selected academic institutions and other partners.

We have maintained a number of research partnerships focusing on climate-related risks in recent years. Involving partners from Switzerland as well as other countries, these projects aim to quantify impacts on specific extreme weather events. Our partnerships with MeteoSwiss and ProClim are two ongoing examples.

Decadal climate predictions with MeteoSwiss (via NCCR Climate)

This project aims to evaluate the "skill" and potential usability of climate predictions on the annual to decadal timescale. First prototypes of such decadal climate prediction models have recently been run and show promising prediction capabilities for regional circulation and temperature trends. The timescale of a decade matches well with the business needs of a reinsurer. The results of the research project will enable us to explore multi-year products and to support strategic decision-making in view of climate change and its impact.
www.meteoswiss.admin.ch/web/en/research/current_projects/climate/nccr_iii/preclim.html

ProClim

ProClim – the Forum for Climate and Global Change – seeks to facilitate integrated research activities on the climate and the necessary interrelations among scientists, policymakers, business and the public. Swiss Re is a member of ProClim's steering committee. The partnership provides a valuable interface with an extensive network of scientists and the opportunity to exchange findings of the latest climate-related research. The IMILAST ("Intercomparison of mid-latitude storm diagnostics") project, for example, brought together many international storm researchers with the objective to generate insights of practical use for decision-makers in business and other sectors of society.
www.proclim.ch/imilast/

As a special service for Swiss Re, ProClim monitors the latest climate change-related research worldwide and reports the findings to us in quarterly meetings.

"Integrative Risk Management" chair at the ETH Zurich

As part of our collaboration with academic institutions, we support the strategic initiative "Integrative Risk Management" of the Federal Institute of Technology Zurich (ETH Zurich) by donating funds for a dedicated professorship. Professor Antoine Bommier took office on 1 August 2010. The initiative aims to establish a world-class research and education programme in integrative risk management, as well as innovative collaboration among governments, universities and public-private partnerships.

Exploring and shaping the risk landscape

We regularly engage in dialogue with our stakeholders to advance our understanding of the changing risk landscape and to promote effective responses to key risks.

Reinsurance creates economic and social value by offering adequately priced cover against major risks. Developing effective risk transfer solutions requires a thorough understanding of the ever changing risk landscape. At Swiss Re, we invest substantial resources to explore developments that influence the global risk landscape – such as market, regulatory, technological, socio-economic and environmental trends. Engaging in regular dialogue with key stakeholders is an essential part of this effort.

In turn, the risk expertise we can contribute to dialogue is highly valued by our stakeholders. We are frequently invited to share our views on important risk developments. This allows us to help society and business form adequate responses and develop effective risk transfer instruments.

Group Issue Management
With Group Issue Management (GIM), we have established a formal approach to communicating on topics which we consider important to us, our clients and society at large. These "Top Topics" reflect our priorities in areas where we strive to provide thought leadership. We share the cutting-edge knowledge and solutions generated by our risk experts through our publications and dialogue with relevant stakeholders. Clients are usually a key audience. So are policymakers and regulators: It is within the Top Topic framework that Swiss Re helps shape public policy through its insights and expertise.

The GIM process involves risk and product experts from across the Group, as well as specialists who deal with specific stakeholder groups. External views are gathered through a broad range of stakeholder dialogues and expert networks. The Centre for Global Dialogue in Rüschlikon near Zurich is Swiss Re's prime venue for expert meetings and stakeholder dialogues.

Currently, the Group manages a total of nine Top Topics:

- Agricultural risk solutions
- Climate change
- Country risk management
- Insurance-linked securities
- Liability dynamics
- Longevity risks
- Natural catastrophes
- Regulatory reforms
- Solvency II

Our Top Topic priorities in 2010 focused on regulatory developments in the aftermath of the financial crisis, innovations in disaster risk financing that help make societies more resilient, as well as new approaches to managing longevity risks. We also launched our new flagship publication entitled "The essential guide to reinsurance", which highlights the multi-faceted nature and critical role that reinsurance plays in enabling progress and contributing to the stability of the economy and society at large.

We strive to improve societies' risk resilience by addressing Top Topics such as climate change, natural catastrophes and country risk management in cooperation with our stakeholders.

Regulatory challenges: Solvency II and systemic risks

Throughout 2010, Swiss Re continued to work closely with European regulators on practical details of the EU's framework directive "Solvency II" by sharing our risk management expertise and providing insights into industry-specific issues. At the same time, we supported our clients in preparing for the new regulatory regime through up-to-date fact sheets, publications and targeted client events.

In 2010, international institutions and regulators in the United States and in Europe continued to design and implement new approaches to systemic risk oversight. We monitored developments and engaged in policy discussions on the nature of the re/insurance business and how it differs from the banking sector. In our contribution to a special report on "Systemic Risk in Insurance" by the Geneva Association Systemic Risk Working Group, we pointed out that the business model of the insurance industry is fundamentally different from that of a bank and that insurance therefore poses no systemic threat. Our multi-stakeholder conference at the Centre for Global Dialogue on "The role of insurance in global financial stability" served a similar purpose.

Risk transfer solutions for more resilient societies

2010 was another tragic reminder of the enormous human and economic toll that natural disasters can take on whole nations. Around the world, hurricanes, earthquakes, volcanic eruptions, floods, wild fires and droughts caused great hardship to people. Developing countries were among the hardest hit, with natural catastrophes and weather-related risks not only claiming lives, but also threatening long-term economic development. This is why we continued to focus on helping countries secure funds that allow them to adapt to the consequences of climate change and enable swift disaster recovery. Innovative insurance solutions, particularly those involving public as well as private partners, are important for these efforts, because they ease the burden on public budgets and bridge financing gaps.

Through several publications and global stakeholder dialogues, we shared our research and risk management knowledge with leaders from government, business, academia and civil society, demonstrating how innovative risk transfer solutions can make societies more resilient. In July, a new report on agricultural risks in Russia gained particular prominence in the wake of the Russian wild fires and a devastating drought that led to widespread crop failures across the country. At the opening of Climate Week NYC in September, Swiss Re and the Climate Group hosted a high-level panel on climate adaptation in the developing world, which explored the role of risk transfer in addressing the impact of natural disasters and extreme weather. We also participated in the UN's climate change talks in Cancún as a formal member of the Swiss country delegation.

Managing longevity risks

Increasing life expectancy is generally seen as desirable for a society. But for public and private sector institutions that pay pensions, an unanticipated rise in life expectancy – or longevity – poses a significant financial risk. While the capacity of insurers to write longevity is limited, the exposure to risks arising from people living longer than expected is immense and due to increase even further in ageing societies.

In 2010, we strengthened our offerings for pension providers and policymakers who will have to deal with growing pension liabilities. In a new publication, "A short guide to longer lives", we highlighted the value of private insurance solutions in bringing additional underwriting capacity to the longevity market and made practical recommendations on how innovative transactions can help secure future pension funds for ageing populations. We held several stakeholder conferences on the subject of demographic change and longevity that brought together public policymakers, pension providers and insurance clients at the Centre for Global Dialogue. In doing so, we collaborated with international organisations such as the World Economic Forum and the World Demographic Association.

The Swiss Re Centre for Global Dialogue

Our Centre for Global Dialogue in Rüschlikon just outside of Zurich plays an essential role in Swiss Re's risk communication efforts, providing a state-of-the-art platform for dialogue with experts, clients and other stakeholders. Expertise events aim to develop knowledge on important risk topics and are held in different formats, including select expert hearings, larger expert forums and public stakeholder conferences. These formats reflect different stages in the process of building expertise: from early exploration with the help of external inputs,

In many countries, life expectancy is now higher than ever before. We help develop pension solutions that enable people to enjoy longer lives in financial security.

Selected publications of 2010

Our publications play an essential role in our efforts to help societies form effective responses to important risks. The seven Swiss Re publications and one partner publication listed below provide information on the reinsurance business and specific risk developments. Further information on these topics is provided in this chapter; the full publications can be downloaded or ordered at www.swissre.com/publications

The essential guide to reinsurance

Sowing the seeds for record harvests: risk reduction a must for Russian agriculture

A short guide to longer lives: Longevity funding issues and potential solutions

Striking the right balance: Insurance and systemic risk regulation

Weathering climate change: Insurance solutions for more resilient communities

Country risk management: Making societies more resilient

Integrative Risk Management: Advance Disaster Recovery

With the Geneva Association:

Systemic Risk in Insurance: An analysis of insurance and financial stability

to setting the agenda and shaping solutions for major risk topics. Marketing events are designed for Swiss Re's clients. They take different formats, too, but always emphasise the key objective of translating expertise into tangible business solutions.

Furthermore, the Centre for Global Dialogue manages a number of networks that bring together external stakeholders, such as clients, industry bodies, policymakers and government officials, with the Group's internal representatives. A key network is the Advisory Panel: comprised of 11 distinguished members, it serves to generate strategic insights into the economic, political, regulatory and societal environment for Swiss Re's executive management.

Getting the balance right: risk selection in private insurance

Private life and health insurance products increasingly supplement state social security systems. However, insurers find themselves under conflicting pressures in offering these products. While downward pressure on prices promotes accessibility, anti-discrimination legislation and other measures increasingly restrict how insurers can select and price risks. This, in turn, limits the ability of insurers to provide widely affordable coverage.

Specifically, the European Union is seeking to address discrimination on the basis of race, religion, sexual orientation, disability, gender and age. The last three of these are key considerations for private life and health insurance products, however. The principle of private insurance is to create a risk sharing pool; the individuals in such a pool need to share a broadly similar risk profile. If an individual has a significantly higher risk profile, this raises the cost of insurance for all those in the pool. Should costs rise too much, some of the "better" risks may leave the pool, causing an upward spiral of prices that will eventually lead to the pool's collapse. Thus private insurance requires risk differentiation to be viable in the longer run.

Striking a balance between these two viewpoints is challenging. By holding this event, Swiss Re sought to bring different stakeholders from within the European Union together with insurance representatives to discuss the provision of private life and health insurance products in the context of the anti-discrimination directive. Some 70 experts used the platform to present their respective positions and enter into constructive dialogue with each other.

Christian Mumenthaler, in his former role as Swiss Re's Head of Life & Health Products Underwriting, addressed participants at the Expert Forum on risk selection in private insurance.

Risk Talk on green electricity

In the Centre's series of smaller and more informal Risk Talks, we organised an event on "green electricity". By definition, this denotes electricity produced from sources which have little, if any, impact on the environment. Yet, for end users, electricity is electricity. If consumers want to use green electricity, they require reliable product information. Bringing together the perspectives of consumers, electricity providers and consultants, this Risk Talk addressed the issues surrounding the availability and viability of green electricity.

While green electricity sounds like a straightforward concept, in actual fact there are considerable challenges on the supply side, because some of its sources have stochastic production patterns. These problems require innovative thinking, in particular regarding grid designs, and potentially risky investment decisions. Increasing demand can help drive investment, but this demand cannot be fully expressed unless consumers are in a position to make well-informed choices.

Reliable product labelling plays a key role in addressing this. Firstly, there is a need for labels that are clear and transparent on the power sources used, which may require governments to lay down guidelines. Secondly, measures are needed to ensure consumers' trust. As there is considerable potential for fraud in green labelling, independent audits may prove to be indispensable. To conclude, there was broad agreement that if consumers are given the ability to clearly express their preferences, they can be a genuine force for change in electricity markets.

Expert Forum on integrative risk management

Modern risk and crisis management – both in the public and private sector – relies on integrative risk assessment. This involves a portfolio approach to all risk categories and their interdependencies, taking into account the respective economic, technical and socio-political contexts. Implementing such an approach, particularly on a national level, requires strong collaboration across various disciplines and organisations to address risk prevention, mitigation, response and recovery efforts, as well as developing new risk transfer solutions.

In general, the public sector is showing heightened interest in such an integrative approach to risk management. A number of governments have started to establish offices to coordinate risk responsiveness between different departments.

This Expert Forum brought together academic representatives and practitioners from various disciplines and institutions specialising in disaster risk management to discuss recent developments and insights into country and crisis risk management. Encouraging stakeholders to jointly develop the tools and the culture required to effectively deal with inherent risks and exogenous shocks will help foster greater crisis resilience, benefiting individuals, organisations and countries.

In conjunction with this Expert Forum, the Centre for Global Dialogue also launched a new publication in its Risk Dialogue Series entitled "Integrative Risk Management: Advance Disaster Recovery".

Contributions to high-level dialogue

Members of our senior management frequently attend international dialogue events to share Swiss Re's risk expertise. Highlights of 2010 included the World Economic Forum Annual Meeting in Davos, Climate Week NYC and the Annual Meeting of the Clinton Global Initiative.

World Economic Forum Annual Meeting

At the Annual Meeting of the World Economic Forum in Davos, Swiss Re was represented by CEO Stefan Lippe and former Chief Risk Officer Raj Singh. Stefan Lippe appeared on a panel on "Rethinking Systemic Financial Risk" and acted as a table discussion leader on a session devoted to "Catalysing a New Vision for Agriculture". Raj Singh took part in a table discussion on "Redesigning Land Use".

Climate Week NYC

For the second year in a row, Swiss Re was the founding sponsor of Climate Week NYC, which brought together senior representatives from government, business and the wider development community to explore measures that can help make societies more resilient to the growing risks of climate change. Matthias Weber, a member of our Group Management Board, took part in a panel discussion on the specific challenges of climate adaptation in the developing world, which explored the role of risk transfer in addressing the impact of natural disasters and extreme weather.

We used Climate Week NYC as a platform to launch our new publication entitled "Weathering climate change". This illustrates how insurance solutions can cost-effectively strengthen a location's climate resilience and support a more sustainable development path.

Clinton Global Initiative

We are a founding sponsor of the Clinton Global Initiative (CGI) and have been one of its members for six years. The CGI aims to tackle pressing global issues, such as climate change, through a commitment to practical action. Walter A. Bell, Chairman of Swiss Re America Holding Corp, attended the CGI Annual Meeting to present our 2010 commitment, a further upscaling of our HARITA project in Ethiopia (for details, see pages 43–44).

Reducing our environmental footprint

We strive to minimise the environmental impact of our operations and procurement activities. Cutting CO_2 emissions and reducing energy intensity are key targets across the Group.

Through the daily operations involved in running our core business, we cause a number of impacts on the environment. Though they are relatively minor impacts compared to those caused by industrial operations, we consider minimising our direct environmental footprint an essential part of being a responsible company. At Group level, our main targets concern CO_2 emissions and energy efficiency, as these are the most significant aspects of Swiss Re's environmental footprint. The use of Group-wide guidelines for our procurement activities is a further priority.

Environmental objectives are fully integrated into the global management system of Swiss Re's Logistics division. We define relevant quality standards centrally in Zurich and deploy them to all our locations worldwide. A Group-wide reporting process enables us to continuously monitor our environmental performance and to plan appropriate improvement measures. Since 2009, we have been using a state-of-the-art, web-based platform for our environmental reporting; this has further increased the accessibility and reliability of key data.

At a number of our large locations, the Logistics departments – which are responsible for implementing environmental management – have been certified according to ISO 14001. At the end of 2010, 42% of our employees were working at locations with an ISO 14001-certified Logistics department.

Greenhouse Neutral Programme

One of the four elements in Swiss Re's overarching climate change strategy is the target of reducing our own CO_2 emissions (see page 11). The Greenhouse Neutral Programme, which we launched in 2003, is our principal initiative to achieve this goal. Originally, the programme combined two commitments: firstly, to reduce our CO_2 emissions by 15% per employee within ten years (ie until 2013) and, secondly, to fully offset the remaining emissions by purchasing high-quality emissions reduction credits. To our knowledge, we were the first large financial services provider worldwide to make such a pledge.

Since launching the programme, we have made continuous and significant progress. We achieved the original 15% reduction goal in 2007 – six years early. Subsequently, we raised the reduction goal to 30% per employee and, in 2009, to 45%. At the end of 2010, the total reduction of Swiss Re's CO_2 emissions per employee achieved since 2003 amounted to 50.6%.

CO_2 emissions per employee (full-time equivalent, "FTE"), Swiss Re Group

	[1]2003	[1]2009	**2010**	Change since base year 2003 in %
	kg/FTE	kg/FTE	**kg/FTE**	
Power	3 703	1 582	**1 289**	–65.2
Heating	706	496	**496**	–29.7
Business travel	2 160	[2]1 331	**1 457**	–32.5
Total	6 569	3 409	**3 242**	–50.6

[1] All figures for 2003 and 2009 have been slightly adjusted due to a simplification of our calculation method.
[2] In addition, the business travel figure for 2009 has been restated because of a data error concerning one location in our environmental reporting system.

Underlying environmental data, Swiss Re Group

		[1]2003	[1]2009	**2010**	Change since base year 2003 in %
Power	kWh/FTE	8 801	6 726	**6 087**	–30.8
Heating	kWh/FTE	3 381	2 449	**2 424**	–28.3
Energy intensity (power & heating)	kWh/FTE	12 182	9 175	**8 511**	–30.1
Business travel	km/FTE	13 057	[2]7 992	**8 555**	–34.5

[1] All figures for 2003 and 2009 have been slightly adjusted due to a simplification of our calculation method.
[2] In addition, the business travel figure for 2009 has been restated because of a data error concerning one location in our environmental reporting system.

This 50.6% cut in emissions has been achieved through three principal measures: switching to renewable power at many of our locations, continuous improvements in energy efficiency and minimising business travel.

Using renewable energy

Our drive to use electricity from renewable sources started in 2005 at four Group locations: Munich, Paris, Rome and Zurich. By the end of 2010, a total of 20 locations in Europe, North America, Asia and Oceania had switched to using renewable power, fully or partially (for details, see table on next page). Swiss Re's goal is to use 100% renewable power at all locations where this is technically feasible by 2013 at the latest. In selecting power from renewable sources, we apply a minimum standard that clearly defines a number of requirements (see pages 39–40). At our Zurich headquarters, for example, we only buy "naturmade star" electricity (www.naturmade.ch), which meets tough ecological quality criteria. In Munich, we purchase our electricity from NaturEnergie (www.naturenergie.de), one of Germany's premier suppliers of renewable power.

Swiss Re locations using renewable energy

% of location's total use of energy	2008	2009	**2010**
Armonk, New York	60	60	**60**
Kansas City, Fort Wayne	60	60	**60**
five further locations in the US [1]	60	60	**60**
London	100	100	**100**
four further locations in the UK [2]	100	100	**100**
Munich	100	100	**100**
Paris	100	100	**100**
Rome	100	100	**100**
Sydney	50	50	**50**
Tokyo	10	10	**10**
Zurich	100	100	**100**

[1] Avon, Barrington, Calabasas, Chicago, Manchester; as a result of the Group's recent reorganisation and revised operating model, the total number of locations for which we can verify the amount of power purchased from renewable sources has declined by two, from 22 to 20.

[2] Folkestone, Hitchin, Norwich, Stevenage

Reducing energy consumption

In addition to our policy of using electricity from renewable sources, we also have a Group target for reducing energy intensity – in other words, for reducing the actual amount of energy consumed per employee. Measured in kWh per employee (FTE), we have made a pledge to reduce energy intensity by 20% against the 2003 baseline. By taking ongoing measures to improve energy efficiency and by concentrating back-office tasks in fewer locations, we have already exceeded this goal: At the end of 2010, energy intensity across the Group was 30.1% lower than in 2003 – and down by 7.2% from 2009 (see table on page 36).

Switch to geothermal energy in Munich

Our Munich location is one of the biggest in the Group, employing around 600 people. The office building in the suburb of Unterföhring has a high level of energy efficiency and, since 2005, has been powered exclusively with electricity from renewable sources. In 2010, we took another significant step in improving the building's overall environmental performance by changing over to geothermal energy.

The energy is provided by the "Geothermieprojekt Unterföhring", which is managed by the local community. Swiss Re's contract is over a power input of 2.5 megawatts, sufficient to cover the heating and warm water needs of the entire office building. Geothermal energy is generated by extracting hot, "thermal" water from below the earth's surface and transferring its heat energy to a district heating network, through which it is distributed to end users. Geothermal energy has several advantages: it is fully renewable, has a very favourable CO_2 footprint, and unit prices are both relatively low and stable. Moreover, investing in a geothermal plant creates local employment and economic value-added.

Minimising business travel

Between 2008 and 2009, CO_2 emissions from the business trips taken by our employees fell sharply, by about 39%. Our data analysis suggested that this was at least partly due to the difficult business environment that prevailed at that time due to the financial crisis. However, we have also taken ambitious internal measures over the last couple of years to curb unnecessary business travel, particularly for internal meetings. Travel budgets are tightly monitored, while travel data are centrally collected and fed into our environmental reporting system. As a modern, technology-based alternative to business travel, we have continuously expanded our video conferencing facilities, which totalled 111 across the Group at the end of 2010. Recently, we started to introduce state-of-the-art telepresence equipment. Installation at our five biggest Group locations was completed in 2010; the facilities of other locations are gradually being updated.

Offsetting our remaining CO_2 emissions

The second commitment of our Greenhouse Neutral Programme is to compensate all remaining CO_2 emissions. For the period between 2003 and 2009 we bought and retired high-quality voluntary emission reduction certificates (VERs) for a total of 338 000 tonnes of CO_{2e}. To offset the emissions we caused in 2010, we bought and retired VERs for a further 39 930 tonnes of CO_{2e}.

We are keen to ensure that the voluntary emission reduction certificates we buy are of a high environmental quality. To achieve this, we have developed a set of criteria to select the projects generating the certificates. For instance, we do not consider projects that support carbon sinks, and we give priority to projects which have strong social side-effects and benefit the poorest regions.

In 2010, some of the voluntary emission reduction certificates we bought and retired came from a project of three small-scale run-of-river hydropower stations in the Sichuan province of China. The three plants sell their output of fully renewable energy to the Central China Power Grid, substituting electricity gained from burning fossil fuels (ie coal). In addition to reducing CO_2 emissions and air pollution, the project has also created local employment, initially through construction work and later through operation and maintenance. Furthermore, the power station contributes to grid stability, thus facilitating economic activity in the area.

External verification of our CO_2 reporting

We have been communicating the progress of our Greenhouse Neutral Programme on a yearly basis since its launch, by publishing our CO_2 emissions, their principal sources and percentage changes in both our Annual Report and our Corporate Responsibility Report. The calculation of our emissions is based on the guidelines of the Greenhouse Gas Protocol, the most widely-used emissions accounting standard (www.ghgprotocol.org). Before we publish our emission figures, our auditors, PricewaterhouseCoopers (PwC), perform an assurance engagement to verify our data and processes. Their assurance report for 2010 is included on pages 60–61.

Paper, water and waste

In addition to energy consumption and CO_2 emissions, we track further environmental impacts, chiefly paper use, water consumption and waste generation.

As regards the amount of paper used per employee, we achieved a decrease of 19.9% across the Group in 2010. This reflects more frequent scanning of documents and less printing, partly as a result of our Document Induction Process and increased double-side printing. Another factor was that we produced fewer external publications in comparison with previous years. The increase in the proportion of recycled paper and FSC-labelled paper used is a direct outcome of our Group purchasing guidelines and, specifically, the requirements set down in our "Minimum standard for copy paper" (see below).

Water consumption and waste generation are both more difficult to track and to influence across the Group, because in many locations our offices are situated in multi-tenant buildings. Accurate data are hard to come by in these circumstances, resulting in aggregate data of low to medium quality only.

The decrease recorded in total water consumption was most likely caused by the specific climatic conditions prevailing in 2010, for example a wetter summer in the US. The drop in waste generation is a consequence of the restructuring and office consolidation which Swiss Re undertook in 2009. The vacation of entire office buildings and clear-out of archives led to a temporary spike in waste generation, which subsided again last year.

Group purchasing guidelines and minimum standards

As a financial services provider, Swiss Re does not have an extensive supply chain in the way an industrial company does; our core business does not require us to buy intermediate inputs. The goods and services we need for our operations are office furniture, paper, office materials, cleaning agents and the like. For the procurement of these, we use a set of guidelines that are applicable to all our large locations. They contain criteria to select goods and services that offer best value for money, meet high quality standards, have a low environmental impact and observe social standards in their supply chain. Environmental criteria must be included in purchasing decisions with regard to materials and ingredients, production methods, recycling and waste.

We give preference to suppliers that have an environmental policy or a certified environmental management system, such as ISO 14001 or EMAS, and comply with international social standards. In particular, our guidelines formally prohibit the use of subcontractors without our express permission and any use whatsoever of underage or forced labour.

Paper use per employee (FTE), Swiss Re Group

		[1]2003	[1]2009	**2010**	Change in % since 2009
Paper	kg/FTE	93	43.2	**34.6**	–19.9
Recycled paper	%	14	59	**73**	+23.7
FSC label	%	n/a	90	**94**	+4.4

[1] All figures for 2003 and 2009 have been slightly adjusted due to a simplification of our calculation method.

Water consumption and waste generation per employee (FTE), Swiss Re Group

		[1]2003	[1]2009	**2010**	Change in % since 2009
Water	m^3/FTE	25	22.7	**18.9**	–16.7
Waste	kg/FTE	286	275	**229**	–16.7

[1] All figures for 2003 and 2009 have been slightly adjusted due to a simplification of our calculation method.

For individual product groups we use a number of minimum standards that further specify our requirements: alongside electricity (see page 36), they address copy paper, office supplies, cleaning services and cleaning agents, furniture and building materials. Each standard lists objectives, ecological aspects, ecological minimum standards, exceptions, controlling and labels. Our goal is that any supplier from which we purchase goods and services belonging to these categories signs the respective minimum standard. Implementation of this policy is ongoing, focusing first on our larger suppliers and contract renewals. By the end of 2010, we had sent a total of 44 minimum standard documents to our major suppliers, of which 43 have been signed and returned to us. Business relations with the one supplier who did not sign the minimum standard have been cancelled.

The CO_{You2} Reduce and Gain Programme
Swiss Re's comprehensive climate change strategy has four elements, one of which is to lead by example by cutting our own CO_2 emissions (see page 11). In 2007, we launched the CO_{You2} Reduce and Gain Programme as a pioneering measure to let our employees get involved in our reduction efforts. It gives our staff members the opportunity to claim subsidies from the company for a range of emissions-cutting investments they want to make in their private lives. To our knowledge, it was the first global corporate initiative of its kind when we launched it.

The programme is open to all employees who have been with Swiss Re for a minimum period of time (currently one year). Grants cover 50% of the investment sum up to a maximum of CHF 5 000 or an equivalent amount adjusted to the local cost of living. Some of the specified measures are eligible in all our locations; others vary depending on the prevailing climatic and social conditions in order to maximise the programme's effectiveness.

We continued to promote the programme in various locations during 2010. Almost 900 new grants brought the total since 2007 to 2 913 by the end of 2010. The most popular investments continue to be public transport, household appliances and hybrid cars.

With the CO_{You2} Programme approaching its five-year birthday at the end of 2011, we carried out a detailed evaluation during last year. The programme has been found to be a genuine success, as the uptake figures illustrate. We therefore decided to continue the programme beyond 2011. Its basic structure will remain the same, though some individual features might be adjusted.

Partner initiative:
The Climate Foundation Switzerland
In cooperation with a number of partner companies, we set up the Swiss Climate Foundation (www.swiss-climate-foundation.ch) in 2008 in response to the introduction of the Swiss CO_2 law, which provides the basis for the CO_2 levy on heating fuels in Switzerland. This levy is not a proper tax but an environmental market mechanism: It imposes a charge on the use of heating fuels and then reimburses the money raised – to private companies proportionate to their total salary expenses. For financial service providers, who use relatively small amounts of heating fuels but employ large numbers of people, this has resulted in a substantial "net reimbursement".

The partner companies of the foundation agreed to collect these funds and use them to support various climate-friendly projects undertaken by small and medium-sized companies in Switzerland. In 2010, 16 projects were selected for financial support totalling CHF 1.2 million. These projects will help avoid about 26 000 tonnes of CO_2 emissions and save 14 GWh of power over their full life cycles. Overall, slightly more than half the projects aim to raise energy efficiency, while the others focus on innovation.

In addition to financing the foundation by paying in its net levy reimbursement, Swiss Re has been sponsoring its managing director position since it was established in 2008.

CO_{You2} payouts 2007–2010, by type

- 17.0% Alternative individual transport
- 31.5% Public transport
- 24.9% Heating
- 23.4% Electricity
- 3.2% Other

CO_{You2} payouts 2007–2010, by region

- 59.3% Europe (including Middle East and Africa)
- 27.5% Americas
- 13.2% Asia-Pacific

Being a good corporate citizen

We support selected humanitarian and development projects across the world, while promoting volunteering and charitable work at our business locations.

As a private-sector company, our primary task is to offer products and services that create value for our clients. But beyond practising our core business, we regard ourselves as part of the wider fabric of society. Playing an active role as a good corporate citizen is essential to our understanding of being a responsible company. In doing so, we focus on three main activities: We support humanitarian and development programmes worldwide, we back local charities and volunteering activities of our employees, and we engage in sponsoring cultural events. This report addresses the first two categories; information on sponsoring culture can be found on our website at www.swissre.com/corporate_responsibility/spons_culture.html.

Global humanitarian & development programmes

Through our core business, we offer financial protection against risk. This helps create economic stability but, in many situations, insurance solutions need to be complemented by other activities. In poorer communities, in particular, strengthening risk prevention can bring large benefits; if a disaster should, however, strike, it is vital to focus on providing swift, hands-on assistance. With this in mind, we support development efforts aimed at improving risk preparedness and we provide humanitarian aid when required. Putting our core business know-how to best use, we concentrate on risks related to natural catastrophes, climate change and water.

Tsunami evacuation hill in Indonesia

Padang is the largest city in West Sumatra, Indonesia. Built at sea level close to an active offshore fault line and far from high ground, it faces one of the world's highest tsunami risks. It is estimated that today at least 100 000 people could perish in the event of a tsunami, even if evacuation were to begin immediately after the earthquake.

Given the high risk of a catastrophic tsunami in Padang, Swiss Re agreed to fund the design of an evacuation hill within the city, called "Tsunami Evacuation Raised Earth Park" or TEREP for short. The artificial hill will remain open to the public at all times and

serve as a university park and soccer field. The idea of building a prototype TEREP in Indonesia was developed by the Californian non-profit organisation GeoHazards International (GHI), which specialises in protecting people from the effects of major earthquakes. A simple and cost-effective solution, such evacuation hills may later be replicated in other parts of Indonesia.

Climate-friendly development in India

In India, we supported a project managed by the Swiss Agency for Development and Cooperation (SDC) and the Delhi-based "Development Alternatives" organisation to promote climate-friendly development in Bundelkhand. This area in the North of Madhya Pradesh has recently seen an increase in energy- and carbon-intensive production methods in agriculture and construction, but still suffers from widespread poverty.

The key objective of the project is to reduce both poverty and carbon emissions in the Bundelkhand region by generating ecologically sound employment opportunities. To achieve this, the project focuses on three vulnerable target groups: farmers, women and artisans. For each group, it aims to improve skill levels and capabilities, develop "green" enterprise models and establish supportive policy networks with key external partners.

Climate adaptation in Ethiopia

In partnership with Oxfam America and the International Research Institute for Climate and Society at Columbia University, we further developed a comprehensive climate risk management package for smallholder farmers in Ethiopia. Called "Horn of Africa Risk Transfer for Adaptation" (HARITA), the project combines weather index insurance against drought, disaster risk reduction measures and credit for investments in agricultural production. One of its innovative features is that farmers can pay for insurance premiums by working for public climate adaptation projects in their communities.

The partnership began in 2008 with a pilot project in the village of Adi Ha in the Northern province of Tigray. Having proved successful, this was extended in 2010 to five villages and to one additional crop. Both the pilot and the scaled-up project were Swiss Re's commitments as a partner of the

In partnership with Oxfam America and Columbia University, we have developed HARITA, a comprehensive programme to protect smallholder farmers in Ethiopia against climate risks.

Clinton Global Initiative, which aims to tackle pressing global issues by focusing on practical action.

International ReSource Award

In 2010, we presented our International ReSource Award for the Sustainable Management of Watersheds for the eighth time. By recognising innovative practical solutions, the award aims to highlight the social, ecological and economic importance of protecting vulnerable watersheds in emerging countries.

The 2010 award winner was a project in the Santa Cruz valleys in Bolivia, initiated by the non-profit organisation Fundación Natura Bolivia. Drinking and irrigation water supplies in this area are threatened by the deforestation of headwater forests. By establishing municipal water funds and reciprocal agreement schemes, the project will compensate upstream landowners for the opportunity cost of conserving watersheds. Some 1 000 inhabitants upstream and 5 000 downstream are expected to benefit from the project. Important side benefits include enhanced local incomes and a contribution to tackling climate change.

Disaster assistance for Haiti ...

The disastrous earthquake that hit Haiti in January affected some three million people, killing over 230 000 and leaving hundreds of thousands homeless. Saddened by this tragedy, we immediately set up donation efforts at many of our offices around the world. In total, our employees collected CHF 195 000. The company fully matched this amount, benefiting those organisations that had received most of our employees' donations.

Furthermore, Swiss Re is supporting reconstruction activities in Haiti by providing specific risk management expertise. As the country sits on a seismically active zone, it is of critical importance to construct infrastructure that can better withstand future earthquakes. We therefore issued a preliminary seismic hazard map for Haiti, taking into account the latest data from our in-house risk models. By highlighting varying threat levels across the country, the map will help to appropriately apply building standards for earthquake-resistant construction. In addition, Swiss Re pledged CHF 250 000 to support rebuilding efforts in Haiti. Various discussions with different organisations took place in 2010 to ensure that the funds will be used in a way that is sustainable and supports those most affected.

Since 2002, we have conferred our ReSource Award for Sustainable Watershed Management to a total of 16 pioneering projects around the world.

2002	Guatemala, Sierra de las Minas	Water users as biosphere conservers
2002	Brazil, São Paulo Region	Financing mechanism for water resources
2002	Nepal, Galaundo Pokhare watershed	Community-based resource enhancement
2003	Vietnam, Quang Nam Province	Reforms in the A'Voung watershed
2003	People's Republic of China, Anhui Province	A native grass for the Dabie Mountains
2004	Ecuador, Tomebamba watershed	Improving water quality
2004	People's Republic of China, Yunnan Province	Eco sanitation
2005	Bolivia, Camacho Province	Reintroducing Andean practices
2005	Philippines, Peñablanca Municipality	Compensating local people
2005	Cameroon, Northwest Province	Protecting a fragile water area
2007	Jamaica, Rio Grande watershed	Eliminating river poisoning
2007	Ethiopia, Borana Zone	Rainwater harvesting
2008	Solomon Islands, Chivoko Community	Watershed forest preservation
2008	People's Republic of China, Yunnan Province	Implemention of participatory community watershed management
2009	Afghanistan, Bamyan Province	Management of degraded watersheds to prevent down-stream flood damage
2010	Bolivia, Santa Cruz Valleys	Capitalising five Municipal Water Funds to improve livelihoods in the Santa Cruz Valleys

... and for Pakistan

A natural catastrophe of devastating dimensions also occurred in Pakistan. The worst floods in the country's history affected about 20 million people and 70% of its total area. Millions lost their homes, possessions and livelihoods. Swiss Re swiftly donated a total of CHF 100 000 to fund instant relief measures. The donation was mainly used to build tents for families that had lost their homes.

In addition to these instant relief measures, we also wanted to support the massive rebuilding efforts required. Children were particularly badly affected by the catastrophe. They were left deprived of protection and education, as the floods wreaked havoc on numerous schools. In the affected districts of Punjab alone, some 4 500 government schools were damaged. We therefore chose to support a project by the respected organisation Save the Children. Called "Children's Action against Oppression and Neglect" (CHAON), the project had been launched before the floods as a long-term development initiative designed to improve children's security and health and to offer them access to education. Of the 200 schools targeted in the programme, 64 were affected by the floods. Additional support for the project will help repair the facilities that have been damaged or destroyed.

Local volunteering & charity programmes

Our company has business locations around the world. We are also keen to be a good citizen in these local settings by actively contributing to community life. We achieve this primarily by supporting local charities

Emergency aid was of crucial importance for the many victims of the devastating earthquake in Haiti. We supported these immediate relief efforts, but also committed ourselves to assisting longer-term rebuilding work.

After the disastrous floods in Pakistan, we again combined support for emergency help measures and for reconstruction work, focusing in particular on a programme to rebuild damaged schools.

and by providing opportunities for our employees to take part in volunteering activities. Over the last couple of years, Swiss Re has introduced two new Group-wide volunteering and charity programmes: Community Days and Charity of the Year (COTY).

Through the Community Days programme, all our employees have the option of spending one working day per year taking part in organised volunteering activities that reflect Swiss Re's commitment to environmental sustainability and social responsibility.

With Charity of the Year, our employees can propose charities they would like to support and then vote on the resulting shortlist. The selected charity receives financial support from Swiss Re but also invites our employees to engage in volunteering and fundraising activities.

Community Days Zurich

The Community Days in Zurich offered three programmes in different locations – Urnerboden, Gwatt by Lake Thun and Wangen.

One group of our Zurich-based employees spent their day with young adults affected by muscular dystrophy, a disease that weakens muscles and leads to paralysis. At a special holiday camp in the village of Gwatt by Lake Thun, the party first learned from the camp leaders how to interact with and assist the wheelchair-bound patients. In the afternoon, our volunteers used their freshly acquired skills to help the patients go on a tour of the magnificent Giessbach Falls by Lake Brienz. An evening barbecue gave everyone the opportunity to exchange impressions of the day and to get to know each other better.

Another Community Day programme offered in Zurich was held in cooperation with REDOG, the Swiss Disaster Dog Association. This is the only organisation in Switzerland responsible for the deployment of rescue dogs both within Switzerland and internationally. Our volunteers met at the training site of the Swiss Army Rescue Unit in Wangen, where they helped to test the aptitude of the rescue dog teams. Using our employees as their guinea pigs, twelve dog and handler teams tried their skills to search and find buried people under real-life emergency conditions. As a member of the Swiss Rescue Chain, REDOG teams are the first to be called up to help save lives after a catastrophe.

One Community Day of our Zurich offices took place on Urnerboden – Switzerland's largest mountain pasture, about a two-hour drive from Zurich. Without any human intervention, the moorlands and dry meadows of this magnificent landscape would be covered with forest in no time.

Instructed by local farmers, our Zurich employees helped maintain the pasture by clearing away stones and trees, making hay on the slopes, repairing stone walls and building hiking tracks. The tough but rewarding day was topped off with a traditional meal of locally produced cheese and cured meat. To support the local farmers, a cheese sale was subsequently organised at our Zurich offices.

Community Days Kansas City

In Kansas City, some 200 of our employees used the Community Days to support three local not-for-profit organisations that rely on volunteer work. At Sherwood Center, a learning facility for children and adults challenged by autism, they fully refurbished several classrooms by installing new ceilings, doors, floors and windows, did painting and landscaping jobs and even donated new musical instruments.

Our employees carried out similar work at the Hillcrest Transitional Housing complex, which offers homeless adults and youths temporary housing and assists them in becoming self-sufficient. As a result, five apartments at the complex were refurbished and fitted with new appliances.

Finally, Swiss Re volunteers spent a day at the Harvesters Community Food Network, the only food bank in the Kansas City area. They sorted and repackaged food items and constructed, filled and weighed food boxes so these could be distributed to nearby food kitchens.

Charity of the Year: Singapore ...

Our Singapore office elected Yong-en Care Centre as its Charity of the Year, a facility that supports the elderly and children at risk. Our employees raised funds through a series of activities organised throughout the year – for example, performances and games at the office dinner and dance, bake sales, and even an auction of 2010 Soccer World Cup memorabilia. In total, they raised SGD 15 000 (around USD 11 560). Swiss Re staff also volunteered their time, helping to build a sensory garden at the centre for the elderly and taking a group of children out for a fun-filled day at a theme park.

... Hong Kong ...

In Hong Kong, our employees chose the Produce Green Foundation as their Charity of the Year. They raised a total of HKD 111 819 (USD 14 340). Thanks to these donations, around one thousand underprivileged children were able to participate free of charge in the foundation's activities to learn more about organic farming and green living.

... and Australia

The Charity of the Year chosen by our Sydney office in 2010 was Stepping Stone House, an organisation caring for homeless teenagers. During the year, Swiss Re employees and their family members ran alongside carers and children from Stepping Stone House in a fun run, raising donations from colleagues which were then matched by Swiss Re. The office also donated disused computers.

Based on the strong ties that had developed between the two organisations, our staff decided that something special was called for at Christmas. The children of Stepping Stone House were invited to create artwork for Christmas cards, which Swiss Re produced and sold to raise further funds. Our employees also held a collection to buy a Christmas present for each of the 22 children living at the house.

Being an employer of choice

Our goal is to attract talented people from a broad range of disciplines and backgrounds. We offer them a culture of diversity and inclusion, excellent development opportunities and first-class benefits.

Employees by region
As of 31 December 2010

- 64.5% Europe (including Middle East and Africa)
- 26.0% Americas
- 9.5% Asia-Pacific

After a period of extraordinary turmoil which affected all participants in the global financial markets, including Swiss Re, our priorities have remained clear and simple: to serve our clients through innovative reinsurance and risk management products, and to create value for our shareholders.

This can only be done with the knowledge, skills and passion of our employees. Without a diverse workforce with specialised knowledge in the industries, countries and economies of our clients, we would not succeed in creating competitive solutions.

We provide a working environment that combines excellent development opportunities, flexible work arrangements and first-class benefits. Through this, we seek to attract and retain employees with the potential to contribute their skills, diversity and talents to a work culture shaped by mutual respect. At the end of 2010, Swiss Re employed more than 10 000 people in 56 offices worldwide.

We are pleased to state that, after the substantial restructuring we went through in 2009, our aggregate turnover rate has fallen back to previous levels. Also, the

Employee data

	2008	2009	**2010**
Total headcount regular employees	11 560	10 552	**10 362**
Full-time	10 457	9 534	**9 354**
Part-time	1 103	1 018	**1 008**
Temporary employees	290	190	**176**
Turnover rate (incl. company sales)	13.5%	18.8%	**13.6%**
Voluntary	7.3%	5.5%	**6.7%**
Involuntary* (incl. retirement)	6.2%	13.3%	**6.9%**

* includes sale of PRO/Conning in 2009

Average length of service
In years, as of 31 December 2010

Claims	**10.2 years**
Client Management	**10.1 years**
Risk Management	**6.9 years**
Underwriting	**9.7 years**
Overall	**7.9 years**

average length of service in our core functions has remained high, in spite of the recent turbulences.

Diversity and inclusion

Building an inclusive corporate culture that appreciates and encourages diversity of thought is key to our success. We believe that diverse teams perform better and that fostering an inclusive working environment allows us to attract and retain the best talent.

In 2010, we hired a full-time dedicated global diversity and inclusion manager who works closely with our senior management to translate this vision into tangible action. Group-wide diversity champions have been appointed to ensure that all business units take full ownership of the diversity of their employees and foster an inclusive culture that embraces those differences. In our individual locations, diversity champions are responsible for addressing local diversity and inclusion issues, supported by diversity councils.

We have taken concerted action to integrate diversity and inclusion criteria into our human resources processes, such as recruitment, succession planning and performance management, thus supporting Swiss Re's efforts to build strong talent pipelines for leadership positions. Furthermore, diversity and inclusion have been integrated into our training and talent management programmes. We believe that fostering employee networks and mentoring/sponsoring relationships can provide our people with opportunities that widen their horizons and open new doors for them within the company.

An important part of attracting a diverse range of talent lies in the possibility of organising work commitments in a way that maximises work-life effectiveness, benefiting individuals, teams and the company in equal measure. Many of our employees follow various models geared to their specific needs, which they have arranged with their managers. Globally, we have over 260 different contractual work schedules that enable our employees to tailor their working lives to their needs. In offering this flexibility, we are taking full advantage of modern communications technologies to connect people working from home and allow managers to build global teams.

In 2010, our diversity and inclusion drive kicked off with a focus on women in leadership. "The Gender Gap Opportunity: bringing talented women to the top" initiative aims to ensure that our company unlocks its full potential through actively engaging its top female talent and attracting external top female talent. We want to support women in their career growth through recruitment, advancement, engagement and retention, while working to eliminate potential barriers to advancement.

Swiss Re sponsored the inaugural conference "Closing the Gender Gap: The Business Case for Organizations, Politics and Society", part of a new multi-year initiative on the business case for gender diversity hosted by the Women and Public Policy Program at the Harvard Kennedy School, in partnership with the World Economic Forum and the Council of Women World Leaders. The aim of the event was to explore the economic value of gender diversity and its status quo in terms of research and – most importantly – to build the business case for closing the gender gap.

In support of Swiss Re's policy of fostering diversity, we also have strong provisions in place to penalise any infringing behaviour. Our Group Code of Conduct clearly states that discrimination in the workplace against any employee or job applicant based on the person's age, (dis)ability, origin, gender, religion or sexual orientation (or any other characteristic protected by local law) is not tolerated under any circumstances.

Share of women on management levels

	2008	2009	**2010**
Total workforce	46.4	47.7	**47.5**
Executive Committee/Group Management Board Member	4.8	5.6	***0.0**
Managing Director	13.4	12.7	**13.7**
Director/Senior Vice President	20.0	20.8	**20.9**
All management levels	18.9	19.5	**19.6**

* Alison McKie was appointed as our new Division Head Life & Health in 2010. In this function, she became a member of Swiss Re's Group Management Board as of 1 January 2011.

We encourage our employees to report violations of the Group Code of Conduct, laws, rules or regulations, and explicitly point out that reporting in good faith is treated with discretion.

Development and training opportunities
Developing our people – at every level and in all functions – remains a strong focus for us. Personal and professional development at Swiss Re combines technical, professional and leadership skills training. All our training is designed and delivered by our long-established Swiss Re Academy in collaboration with world-class external partners. Since 2005, the Swiss Re Academy has held the prestigious CLIP (Corporate Learning Improvement Process) accreditation from EFMD, a leading international membership organisation devoted to ensuring high standards in management education. In 2010, more than 9 300 or 93% of the company's workforce attended training – up from 85% in the previous year.

The Swiss Re Academy also continued its strong legacy of providing industry-leading technical training and learning opportunities to clients and external partners. Our client training offerings were revised to address the different market needs more effectively and to align them with the way Swiss Re delivers services for each client segment. Our clients expressed their overall satisfaction with the training provided by us, rating it with 4.6 out of a possible 5 points – well above the industry benchmark of 4.1.

In 2010, 20% of participants attended traditional classroom courses, while 80% engaged in digital training – either through webinars or eLearning courses. We have been expanding digitised learning opportunities at the Swiss Re Academy, thereby reducing the need to travel and days away from the office. Courses requiring classroom time offer a blend of digitised and classroom formats. The majority of courses are structured as "learning paths" that consist of different modules to ensure continuous development over time and to enable the effective transfer of new knowledge and skills into daily work. The participation figures vouch for this way of learning in a globalised environment: In total, we recorded 139 014 learning hours in 2010, which is the equivalent of 14.9 hours of learning per employee.

The scores we have received for our range of training courses are in line with the Corporate University benchmark. In particular, 81% of respondents declared that they had gained significant new knowledge or skills from the courses and 79% said that the training had been a worthwhile investment. Compared to external benchmarks, we continued to excel in both requirements. With regard to our internal benchmarks, there was a significant increase from 2009 to 2010 in the ratings for business results, learning effectiveness and return on investment.

Top management roles at Swiss Re require proven leadership and managerial skills as well as strong technical knowledge. Therefore, we continued to deliver highly focused programmes to develop candidates for positions at Director and Managing Director level. Every year, we select around 80 employees globally for these programmes and prepare them for more senior roles by offering structured and accelerated development opportunities.

The selected employees are invited to attend formal training, are stretched by challenging assignments and job rotations and are given opportunities to engage in an active dialogue process with Swiss Re's senior management. In 2010, eight of twelve new Managing Director appointments were internal candidates. Seven of them had participated in the Group Management Development Pool programme, while approximately 50% of open Director positions were filled by employees who had participated in the Leadership Development Programme.

In addition, people who take over roles as Managing Directors receive a dedicated onboarding programme to ease the start into this senior role. The programme consists of executive coaching, mentoring support and team development workshops.

In 2010, we placed a strong emphasis on supporting our senior leaders and internal specialists to effectively deal with change and launched an intensive new programme to advance people's capacity to facilitate change in the company.

Our "Early Joiners" programmes

We continued to recruit talented young employees through our graduates@swissre programme as well as through our programmes for trainees and apprentices. Currently, there are over 200 employees working at Swiss Re that have attended, or are attending, our graduate training programme. This programme offers participants an excellent opportunity to discover the world from Swiss Re's perspective and to experience working in an organisation which actively cultivates diversity. On average, the programme involves 40 days of class-based, technical industry training focusing on Swiss Re's core business areas.

The Junior Power@swissre programme is a professional development programme for young people (aged 15 to 25 years) in Zurich and Munich. Almost 100 apprentices and trainees participate in the programme each year and are trained in a range of vocations, in turn contributing new perspectives to the company and challenging existing practices. Many of these young adults stay with us after training, ensuring that we have the expertise required in the future: 30% of all the apprentices and trainees that have completed the programme since it was unveiled in 1981 are still working at Swiss Re.

Employee relations

Swiss Re aims to build a positive environment for employee engagement in the company. To achieve this, we have put in place a dedicated employee relations team and employee relations professionals globally; they can provide independent coaching and consulting on difficult personal or professional situations that may impact employees' ability to perform their job.

We also provide a global Employee Assistance Programme, whose primary objective is to provide help with a range of legal, financial and emotional issues (illness, anxiety, stress etc). Work-life balance continues to be an important focus area and, by offering assistance, benefits, policies and programmes, we hope to help our employees achieve a better balance between the demands of their jobs and their private lives.

Employee engagement survey

In 2010, we conducted an employee engagement survey to gain a clear understanding of where the company stands in terms of our employees' engagement. This understanding will allow us to benchmark Swiss Re against comparable industries and to take action where necessary. In the wake of the recent challenging period for our company, where our employees experienced many changes and redundancies, it is important for us to study the factors that will keep our employees engaged in the company. Many different opinions exist as to the engagement levels within Swiss Re, and we are committed to having a full understanding of these in order to protect our biggest asset, our people.

Personnel Commission Zurich

The Personnel Commission (PECO) represents the interests of all Swiss Re employees in Zurich. One of the Commission's central aims is to create and preserve a positive working environment – with the employees forming the focus of its thoughts and actions.

PECO supports efforts to help our employees put their knowledge, skills, expertise and networks to the best possible use. This includes providing them with appropriate, ongoing further education and training. The Commission also strives to ensure the de-facto equality of men and women. In doing so, it emphasises in particular the needs of employees with family obligations – while ensuring that it does not discriminate against single staff members.

Networks

Our efforts to foster good employee relations include our alumni. As they have helped to make the company what it is today, they form a very important part of our extended employee community. In 2008, we launched the Swiss Re Alumni Network, which offers all its members the opportunity to continue sharing knowledge and experiences. At the end of 2010, this network was quickly approaching 2000 members.

Following the success of the Alumni Network, the Retiree Network was launched at the end of 2009 and grew throughout 2010. Many of our retirees continue to take great interest in the company, and vice versa. Through extended access rights, we give them the opportunity to read news items that are otherwise only available to employees. There are also various events on offer, from "fit and well" courses through to computer courses and walking groups. This is how one of the retirees summed up a recent event for alumni and retirees: "A great event, well organised, a top event where we were reminded of all the good times we had at Swiss Re."

Compensation and benefits

Swiss Re's remuneration structure is designed to attract, motivate and retain the talented employees we need to succeed globally. Our goal is to provide remuneration that is competitive in local labour markets, while ensuring that employees focus on delivering outstanding results without taking inappropriate risks.

We take a holistic view of rewards. A balanced compensation package including direct financial compensation, such as base salary, annual performance incentive (API) and equity-related plans is complemented by additional benefits (including health coverage and retirement plans), development opportunities and an attractive work environment.

Our company is performance-oriented. While the variable component of total compensation increases as individuals progress in the organisation, most employees have a variable compensation

component which correlates with the company's success. The advantage of this is that the goals of each employee are aligned with the company's strategic targets, which helps sharpen the focus on performance and encourages teamwork and collaboration.

Regular performance reviews play a crucial role in our company's culture. They serve both to determine the amount of an employee's variable compensation component and to identify individual development possibilities. In 2010, practically all eligible employees carried out a year-end performance review with their line managers. Additional mid-year reviews and ongoing feedback are strongly encouraged across the company.

The incentive component in our compensation packages is designed to correspond with the risk-adjusted, multi-year dynamics of our business. A significant share of senior management's compensation is tied to the Group's long-term performance. In order to provide a direct link between employee and shareholder interests, we encourage ownership of Swiss Re shares through the Employee Participation Plan and the Incentive Share Plan. We also ask each employee to devote one of their annual goals to fostering a collaborative work environment. This further ties personal accomplishments to Swiss Re's overall goals and enhances collaboration efforts at all levels of the company.

Health benefits form an important part of our overall compensation packages. We consider ensuring the mental and physical health of our employees to be of the utmost importance. Our employee benefit arrangements are designed to protect employees and eligible family members against the financial consequences of major risks, such as accidents, sickness, disability and death. In addition, we strive to assist employees in accumulating retirement benefits and/or long-term savings to supplement any state provisions.

Health Days

Our health benefits and Employee Assistance Programme are designed to provide assistance and adequate insurance protection in the event of actual problems. We go one step further, however, and try to actively promote our employees' good health. In 2010, our Zurich, Munich and Bratislava offices each held a Swiss Re Health Day to raise awareness of various health-related issues such as nutrition and work-life balance. As they attracted more than 500 participants in total and were greatly appreciated, we are looking into the possibility of expanding the concept to all our major locations. One of the Zurich participants had this to say: "I highly appreciate Swiss Re's engagement for its employees' health."

Ensuring good governance

Our approach to corporate governance is to fulfil our commitment to our stakeholders.

Corporate governance is the framework comprising a company's organisation, structure, management and assurance functions. It is designed to ensure a corporation's transparency, protecting the interests of shareholders and creating value for all stakeholders.

Good corporate governance requires an effective system of mutual checks and balances among the top corporate bodies. Swiss Re maintains a dual Board structure, with the Board of Directors responsible for oversight and the Executive Committee responsible for managing operations.

Swiss Re's commitment to sustainability is laid down in detail in our Group Code of Conduct, one of the documents governing the organisation and management of the company.

Legal requirements and best practice
Swiss Reinsurance Company Ltd, the parent company of the Swiss Re Group, is listed in the main segment of the SIX Swiss Exchange. Its corporate governance is therefore assessed under the Swiss Code of Best Practice for Corporate Governance (Swiss Code), issued by economiesuisse in 2002, and its 2007 appendix concerning recommendations on the process for setting compensation. Swiss Re fully adheres to the principles set out in the Swiss Code and is also compliant with the Directive on Information relating to Corporate Governance (including its annex), issued by the SIX Swiss Exchange in 2002 and amended in 2009 (SIX Directive). Moreover, Swiss Re conforms to the provisions on corporate governance, risk management and internal control systems, issued by the Swiss Financial Market Supervisory Authority (FINMA) with effect from 1 January 2009. Finally, Swiss Re's corporate governance complies with the applicable local rules and regulations of all the jurisdictions in which it conducts business.

In the Corporate Responsibility Report, we highlight key elements of Swiss Re's governance concerning board independence, board and committee structure and shareholder rights, as well as the Group Code of Conduct. Comprehensive information following the structure of the SIX Directive is available in the 2010 Financial Report, pages 49–82.

Independence of the Board of Directors
Swiss Re requires a majority of the Board of Directors to be independent. To be considered independent, a director may not be, and may not have been in the past three years, employed as an executive officer of the Group. In addition, he or she must not have a material relationship with any part of the Group – directly or as a partner, director or shareholder of an organisation that has a material relationship with the Group. Based on Swiss Re's independence criteria, all directors qualified as independent in 2010.

Board and committee structure
The organisation of the Board of Directors is set forth in the Corporate Bylaws, which define the responsibilities of the Board of Directors, its committees and executive management, as well as the reporting procedures.

The Board of Directors has delegated certain responsibilities, including the preparation and execution of its resolutions, to five committees: Chairman's and Governance Committee, Audit Committee, Compensation Committee, Finance and Risk Committee and Investment Committee.

All members of the Audit Committee and the Compensation Committee are non-executive and independent. In addition to the independence criteria applicable to Board members, members of the Audit Committee may not accept any consulting, advisory or other compensatory fee from the company. All members must have a thorough understanding of finance. At least one member must have the attributes qualifying him/her as an Audit Committee Financial Expert. Furthermore, the Corporate Bylaws require that Audit Committee members should not serve simultaneously on audit committees of more than two other listed companies.

The responsibilities of these two committees are as follows:

Audit Committee
The Audit Committee assists the Board in fulfilling its oversight responsibilities as they relate to the integrity of the Group's financial statements and exercises supervision of legal, regulatory and compliance-related matters. It reviews the annual reports of the parent company and the Group and approves quarterly reports. The committee also reviews the Group's accounting principles and practices, the adequacy of the financial reporting process and the efficacy of the system of internal controls. Furthermore, it evaluates the external auditor, approves the audit plans of Group Internal Audit and the external auditor, and discusses their findings with them.

Compensation Committee
The Compensation Committee proposes to the Board compensation principles for the Group and determines the establishment of compensation plans, thereby ensuring that plans do not encourage inappropriate risk taking. The committee also defines, or proposes as appropriate, individual compensation at Board and management level, as well as overall variable compensation pools for the Group and executive management. Furthermore, it reviews the effectiveness of performance management processes and ensures compliance with compensation related disclosure requirements.

By requiring the Audit Committee and Compensation Committee to consist solely of independent and non-executive directors, Swiss Re is in conformity with international best corporate governance standards.

Shareholders' participation and voting rights
All shares issued by Swiss Reinsurance Company Ltd are fully paid-in registered shares. Each share carries one vote. There are no categories of shares with a higher or limited voting power, privileged dividend entitlement or any other preferential rights, nor are there any other securities representing a part of the company's share capital. The company cannot exercise the voting rights of treasury shares.

There are no voting right restrictions, no statutory group clauses and thus no rules on making exceptions.

In line with the legal provisions, any shareholder with voting rights may have his/her shares represented at any General Meeting by another person authorised in writing or by corporate bodies, independent proxies or proxies for deposited shares. Such representatives need not be shareholders.

Shareholders with voting power whose combined holdings represent shares with a nominal value of at least CHF 100 000 may, no later than 45 days before the date of the General Meeting, demand that matters be included in the agenda. Such demands must be in writing and must specify the items and the proposals to be submitted.

Swiss Re has not taken any defence measures against takeover attempts. The Board of Directors is of the opinion that the best protection is a fair valuation of the shares. It believes in the efficiency of a free market, rather than relying on defence measures that normally have a long-time negative effect on the share price development.

Group Code of Conduct

The Group Code of Conduct is one in a series of documents governing the organisation and management of the company. It sets the framework and defines the basic legal and ethical compliance principles and policies we apply globally.

The Code also offers practical guidance and examples for deciding the appropriate course of action and solving ethical dilemmas. It further sets out how all employees should react when they observe a possible breach of the principles in the Code. All employees are obligated to uphold both the letter and spirit of the Code and the Group's corporate governance principles in their daily business activities, and to respect and obey applicable laws and regulations in all jurisdictions where we do business.

An updated version of the Code was introduced in 2009, effective from 1 May 2009. It continues to cover five main areas:

- Swiss Re's business ethics
- Moral behaviour
- Corporate records and communication
- Market practice
- Information integrity

Swiss Re's commitment to sustainability

Our commitment to sustainability is fully integrated in the Code's section on business ethics. It provides a guiding principle for Swiss Re's efforts to act as a responsible company.

Bribery and corruption

The section on moral behaviour contains, among other things, Swiss Re's position on bribery and corruption. This clearly states that "Swiss Re prohibits all forms of bribery and corruption" and that "bribing governmental agents, regulators or other officials is a crime".

Employee training on the Code of Conduct

All new employees joining Swiss Re must undergo training on the Code of Conduct. We track completion of the training, and results are reported in the Quarterly Compliance Reports. To date, 97% of all new hires in 2010 have completed their Code of Conduct training. The company is following up on the 3% who have not yet done so.

Other Swiss Re publications

Our publications provide the gateway to Swiss Re's broad knowledge base and expertise. They cover a wide range of topics: from technical reinsurance issues to emerging risks, from natural perils to economic trends and strategic issues in our industry. This is a selection of recent publications, in addition to those featured on page 31.

Green construction: Considerations in US casualty underwriting
Green buildings present many opportunities and possibilities; however, insurers must understand the increased liability and include a whole host of factors in costing. This report specifically addresses these issues and exposures from a US perspective.

Establishing a pro-active risk management culture
This report explores how key governance and modelling considerations can be embedded in a risk management culture, so that the risk manager becomes an influential and trusted partner of the business.

The effects of climate change: An increase in coastal flood damage in Northern Europe
Climate change is affecting storm surges in Europe. Based on the findings of scientific research, Swiss Re forecasts a significant increase in coastal damage in the long term. Governments and insurers will have additional risk to manage as a result.

Betting the farm? Agricultural risks in Brazil
Brazil is one of the world's largest agricultural producers. This study evaluates both the farmers' risk perception and their risk management strategies, and provides a set of specific measures to develop a more robust agricultural insurance framework in the country.

Swiss Re's publications can be downloaded or ordered at www.swissre.com/publications

Solvency II Standard Formula: Consideration of non-life reinsurance
Under Solvency II, insurers have a choice of which methods they use to assess risk and capital. Insurers who opt for the Standard Formula should be aware of its limitations. This study shows how the Standard Formula deals with non-proportional reinsurance.

Country risk management: Making societies more resilient
This report explains how integrated risk management approaches can help countries identify and prepare for risks. A country risk officer could act as a focal point in managing a prioritised risk landscape.

Setting up sustainable agricultural insurance: the example of China
Agricultural insurance plays an important role in stabilising farmers' income and stimulating investment in agriculture in developing markets. This report provides an overview of the issues involved in setting up a robust agricultural insurance market in China.

Disaster risk financing: Reducing the burden on public budgets
The rising impact of natural catastrophes is driving up the cost of disaster relief and reconstruction for the public sector. New forms of public-private partnerships can make societies more resilient by absorbing the financial impact of large catastrophes.

Emission allowances and business interruption insurance in the EU
This publication argues that current business interruption insurance systems are flexible and robust enough to successfully address the implications of the EU Emissions Trading Directive.

Our energy future: An economic, geopolitical and risk perspective
This publication addresses the economic, geopolitical and risk perspectives of our current and future energy security. It consists of contributions from, and interviews with, leading energy and industry experts, financial services specialists, economists and political scientists.

Sigma 6/2010: Microinsurance – risk protection for 4 billion people
The global microinsurance market has a potential of covering up to 4 billion people through market-based risk transfer solutions and public-private partnerships (PPP). This sigma edition looks at major challenges to growth which need to be addressed.

sigma: the series
The sigma publication series provides comprehensive information on the international insurance markets and in-depth analyses of economic trends and strategic issues in insurance, reinsurance and financial services, covering life and non-life business.

Independent assurance report on the Swiss Re Group consolidated CO_2 emissions

To the Internal Environmental Management of Swiss Reinsurance Company Ltd, Zurich ("Swiss Re").

We have performed assurance procedures to provide assurance on the consolidated CO_2 emissions of Swiss Re.

Subject matter
Data and information disclosed with the CO_2 emission reporting of Swiss Re and its consolidated subsidiaries for the period of October 1, 2009 till September 30, 2010 including consideration of the following:

- The management and reporting processes with respect to the consolidated CO_2 emissions as well as the control environment in relation to the data aggregation of these key figures;
- The consolidated CO_2 emissions 2010 of the table entitled "CO_2 emissions per employee (full-time equivalent, "FTE"), Swiss Re Group" on page 36 in the 2010 Corporate Responsibility (CR) Report comprising power, heating and business travel;
- The retirement of 39 930 tonnes of CO_{2e} (CO_2 equivalents) described on page 38 in the 2010 CR Report.

Criteria

- "Internal Environmental Performance Indicators for the Financial Industry" published by the Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V. (VfU);
- Greenhouse Gas Protocol Initiative of the World Resources Institute and the World Business Council for Sustainable Development.

Responsibility and methodology
The accuracy and completeness of sustainability indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Swiss Re's internal guidelines, definitions and procedures on the reporting of its CO_2 emissions.

The Internal Environmental Management of Swiss Re is responsible for both the subject matter and the criteria. Our responsibility is to provide a conclusion on the subject matter based on our assurance procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3 000.

Main assurance procedures
Our assurance procedures included the following work:

- **Evaluation of the CO_2 emissions reporting**
  Reviewing the CO_2 emissions reporting using a sample of seven locations in India, Slovakia, Switzerland, the UK and the US;
- **Interviews**
  Interviewing the responsible staff for CO_2 emission data collection and reporting at the head office;
- **Assessment of the key figures**
  Performing tests on a sample basis of evidence supporting selected CO_2 emission data (energy consumption, air travel) concerning completeness, accuracy, adequacy and consistency;
- **Review of the documentation and analysis of relevant policies and basic principles**
  Reviewing the relevant documentation on a sample basis, including group IEM policies, management and reporting structures, documentation and systems used to collect, analyse and aggregate reported CO_2 emission data;
- **Assessment of the processes and data consolidation**
  Reviewing the appropriateness of the management and reporting processes for CO_2 emissions reporting; and assessing the consolidation process of data at the group level;
- **Retirement of CO_{2e}**
  Reviewing the retirement of 39 930 tonnes CO_{2e} verified emission reductions (VER) according to the Voluntary Carbon Standard or Gold Standard.

Conclusions
In our opinion

- The internal reporting system to collect CO_2 emissions data is functioning as designed and provides an appropriate basis for its disclosure.

Based on our work described in this report and the assessment of criteria, nothing has come to our attention that causes us to believe that the data and information mentioned in the subject matter and disclosed in the CR Report does not give a fair picture of Swiss Re's CO_2 emissions performance.

Zurich, 19 May 2011

PricewaterhouseCoopers AG

Dr. Thomas Scheiwiller Dawn Kink

Memberships, awards and index listings

Listed here is a selection of Swiss Re's most important memberships, recent awards and index listings with regard to corporate responsibility.

Memberships

Carbon Disclosure Project
The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation holding the largest database of primary corporate climate change information in the world. It acts on behalf of 551 institutional investors, holding USD 71 trillion in assets under management and some 60 purchasing organisations.
www.cdproject.net

Catalyst
Founded in 1962, Catalyst is the leading non-profit membership organisation expanding opportunities for women and business.
www.catalyst.org

Chief Risk Officer Forum
The Chief Risk Officer Forum is a professional risk management group that focuses on developing and promoting industry best practices in risk management. The forum was formed in 2004 to work on key relevant risk management issues within the insurance industry.
www.croforum.org

ClimateWise
ClimateWise is the collaborative insurance initiative through which members aim to work together to respond to the myriad risks and opportunities of climate change.
www.climatewise.org.uk

Clinton Global Initiative
Established in 2005 by President Bill Clinton, the Clinton Global Initiative (CGI) convenes global leaders to devise and implement innovative solutions to some of the world's most pressing challenges.
www.clintonglobalinitiative.org

Davos Climate Alliance
The Davos Climate Alliance is an initiative of the World Economic Forum to promote sound measures and best practice aimed at mitigating carbon-related risks.
www.davosclimatealliance.org

ICRC Corporate Support Group
The ICRC Corporate Support Group is an innovative and long-term partnership set up by the International Committee of the Red Cross (ICRC) and a group of selected Swiss companies. The members of the Corporate Support Group have committed themselves to supporting the ICRC's humanitarian work in the years ahead.
www.icrc.org

International Risk Governance Council
IRGC is an independent organisation whose purpose is to help the understanding and management of global risks that impact on human health and safety, the environment, the economy and society at large.
www.irgc.org

Klimastiftung Schweiz ("Swiss Climate Foundation")
The Swiss Climate Foundation is a non-profit foundation that directly champions the cause of climate protection in Switzerland, helping to fund small and medium enterprises that are proactive in their approach to reducing CO_2 emissions. Swiss Re is one of the foundation's members and is sponsoring its managing director.
www.swiss-climate-foundation.ch

Öbu ("Ecologically conscious enterprises" network)
Öbu is a Swiss think tank for sustainability and management topics. It carries out projects focusing on corporate and economic policy, and promotes experience-sharing among its members.
www.oebu.ch

The Climate Group
The Climate Group is an independent, not-for-profit organisation working internationally with government and business leaders to advance smart policies and technologies to cut global emissions and accelerate a clean industrial revolution.
www.theclimategroup.org

The Earth Institute, Columbia University, Corporate Circle
Through the Corporate Circle, the Earth Institute seeks to engage corporations dedicated to sustainable development in ongoing, mutually beneficial relationships that further shared objectives. These partnerships allow corporations to take advantage of the latest information, tools and networks in the field.
www.earthinstitute.columbia.edu

The Geneva Association
The Geneva Association is a leading international insurance think tank for strategically important insurance and risk management issues. It identifies fundamental trends and strategic issues where insurance plays a substantial role or which influence the insurance sector.
www.genevaassociation.org

The Sustainability Forum Zürich
The Sustainability Forum Zürich (TSF) is an independent, non-profit, non-partisan association that was founded in Zurich by leading representatives from the fields of business, science and the public authorities. It focuses on sustainability topics relevant to the financial market.
www.sustainability-zurich.org

UNEP Finance Initiative
UNEP FI is a global partnership between UNEP and the financial sector. Over 190 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.
www.unepfi.org

World Economic Forum Risk Response Network
The World Economic Forum's Risk Response Network (RRN) aims to address the new world of risk we live in. Uniquely placed to catalyse a response to this new landscape, the World Economic Forum's RRN provides a platform to better understand, manage and respond to complex, interdependent risk.
www.weforum.org

Recent awards

Intelligent Insurer Magazine award for "Global Best ILS Advisor"
Based on the views of 13 000 readers, we won this award for our performance as the top service provider in the ILS market, alongside three awards in the main reinsurance category.

Ethisphere World's Most Ethical Companies in 2010
Swiss Re was included in this list of 100 companies that promote ethical business standards and practices by going beyond the legal minimum.

Environmental Finance Magazine award for "Catastrophe Risk Management Deal of the Year" 2010
We won this award for a USD 120 million cat bond that was the first to utilise a newly developed index for European windstorm losses.

Trading Risk award for "Transaction of the Year" 2010
This award was bestowed upon us for the first cat bond that enables a state's residual market pool to manage its hurricane risks using the capital markets.

Insurance sector leader in Covalence EthicalQuote Ranking 2009
Swiss Re came out as the top re/insurer in this reputation index analysing large amounts of public information on companies' ethical performance.

Global Reactions Award 2009 for "Best ILS Advisor"
This award honoured Swiss Re for taking "bold new approaches to solving the needs to manage increasing risk complexity".

Trading Risk "Manager of the Year" 2009 for ILS transactions
We received this award for innovative ILS transactions that "have broadened the sector's toolkit and will spur further growth of the ILS market".

City of London Clean City Award 2009 – Gold
Swiss Re received this award from the City of London Corporation for demonstrating good practice in responsible waste management.

Selected index listings and ratings

Dow Jones Sustainability Indexes, insurance sector leader

ECPI Ethical Index Global

FTSE4Good Index Series

oekom research, Prime investment status

GRI content index

with UN Global Compact "Communication on Progress" references

This content index refers to the Global Reporting Initiative (GRI) G3 Guidelines for Sustainability Reporting. The guidelines form a voluntary framework setting out principles and indicators that companies can use to measure and report their economic, environmental and social performance.

We have self-declared our reporting to be Application Level B.

References to the UN Global Compact principles addressed as part of our Communication on Progress (COP) are incorporated into the GRI content index, in line with UN recommendations.

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4.9	Governance procedures on CR		10
4.11	Precautionary approach principle	7	9–11, 23–26
4.12	Externally developed charters and principles		2, 25
4.13	Memberships		64–65
4.14	List of stakeholder groups		9
4.15	Stakeholder identification		28
4.16	Approaches to stakeholder engagement		28

Management approach and performance indicators

Product and service impact

Disclosure on management approach:

We provide comprehensive disclosure of our management approach to product and service impact in the two chapters "Creating sustainability solutions" and "Extending our risk intelligence".

FS1	Environmental and social policies in business lines	1, 2, 7–9	10, 14, 21
FS2	Screening of environmental and social risks	1, 2 and 8	21–22
FS4	Environmental and social training for staff	1, 2 and 8	22
FS5	Interactions with clients/investees/business partners	1 and 2	14, 22
FS7	Products with specific social benefit		14–19
FS8	Products with specific environmental benefit	7 and 8	14–19
FS11	Environmental and social screening in asset management		25

Economic dimension

Disclosure of management approach:

Our management approach to the economic dimension is primarily disclosed in the 2010 Business Report. Specific aspects are disclosed in chapters of this report: "Our approach to corporate responsibility" (on climate change) and "Creating sustainability solutions" (on indirect economic impacts).

EC1	Direct economic value generated		7, FR 111–117, 156
EC2	Implications of climate change	7	11, 14–17
EC3	Benefit plan obligations		FR 160–167
EC9	Indirect economic impacts		6, 14–19

Environmental dimension

Disclosure on management approach:

We provide comprehensive disclosure of our management approach to the environmental dimension in the chapter "Reducing our environmental footprint".

EN1	Materials used by weight or volume	8	39
EN2	Recycled materials used	8 and 9	39
EN4	Indirect energy consumption	8	36–37
EN5	Energy conservation and efficiency	8 and 9	37
EN6	Initiatives to use renewable energy	8 and 9	36–37
EN7	Initiatives to reduce indirect energy consumption	8 and 9	37
EN8	Total water withdrawal	8	39
EN16	Greenhouse gas emissions	8	36
EN17	Indirect greenhouse gas emissions	8	36

FR = 2010 Financial Report

		UN Global Compact principle	Page
EN18	Initiatives to reduce greenhouse gas emissions	7, 8 and 9	35–40
EN22	Total weight of waste	8	39
EN29	Environmental impact of transport	8	36, 38

Labour practices and decent work

Disclosure of management approach:

Our management approach to labour practices and decent work is disclosed in the chapter "Being an employer of choice".

LA1	Breakdown of workforce		48–49
LA2	Employee turnover	6	48
LA8	Training on serious diseases	1	53
LA12	Performance review		53
LA13	Workforce diversity	1 and 6	48–50

Human rights

Disclosure of management approach:

We address human rights aspects relevant to our business through our Sustainability Risk Framework and our procurement guidelines. The corresponding management approaches are disclosed in the chapters "Extending our risk intelligence" and "Reducing our environmental footprint", respectively.

HR2	Supplier screening on human rights	1–6	39
HR6	Child labour	1, 2 and 5	39
HR7	Forced or compulsory labour	1, 2 and 4	39

Society

Disclosure of management approach:

We address society aspects relevant to our business through our business solutions, Group Code of Conduct and risk dialogue. The corresponding management approaches are disclosed in the chapters "Creating business solutions", "Ensuring good governance" and "Exploring and shaping the risk landscape", respectively.

FS14	Access to financial services for disadvantaged people		14–19
SO3	Anti-corruption training	10	57
SO5	Public policy positions		28

Product responsibility

We consider the definition of product responsibility in the GRI guidelines to be of little relevance for a company providing business-to-business services in the financial industry and hence provide no information in this area.

Contact details

Contact address
Sustainability & Political Risk Management
David Bresch
Telephone +41 43 285 6361
Fax +41 43 282 6361
David_Bresch@swissre.com

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