

Sustainability in the Munich Re Group

Data and facts 2006

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**Münchener Rück
Munich Re Group**

1. Key economic figures

The financial year 2006 was an excellent one for the Munich Re Group. We succeeded in posting a record result for the third year in a row: €3.5bn, after €2.7bn in the previous year and €1.9bn in 2004. Thus we markedly exceeded our original expectation of €2.6–2.8bn for 2006.

Key figures of the Munich Re Group (IFRS)

Munich Re Group		2006	2005	2004
Gross premiums written	€bn	37.4	38.2	38.1
Result before amortisation of goodwill and impairment losses of goodwill	€m	5,498	4,150*	3,369
Taxes on income	€m	1,648	1,014*	712
Consolidated result	€m	3,536	2,751*	1,887
Thereof attributable to minority interests	€m	96	72	54*
Investments	€bn	176.9	177.2	178.1
Return on equity	%	14.2	12.5*	9.5***
Equity	€bn	26.4	24.4*	20.5*
Valuation reserves not recognised in balance sheet**	€bn	1.9	2.6	3.2
Net underwriting provisions	€bn	153.8	154.0*	154.3
Staff at 31 December		37,210	37,953	40,962

* Adjusted owing to first-time application of IAS 19 (rev. 2004).

** Including amounts attributable to minority interests and policyholders.

*** Previous years' figures adjusted owing to change in measurement basis.

Reinsurance*		2006	2005	2004
Gross premiums written	€bn	22.2	22.3	22.4
Investments	€bn	85.0	87.0	81.2
Net underwriting provisions	€bn	59.6	63.4	58.2
Reserve ratio property-casualty	%	280.9	295.8	243.8
Large and very large losses (net)	€m	854	3,293	1,201
Thereof natural catastrophe losses	€m	177	2,629	713
Combined ratio property-casualty	%	92.6	111.7	98.9

* Before elimination of intra-Group transactions across segments.

Primary insurance*		2006	2005	2004
Gross premiums written	€bn	16.7	17.6	17.5
Investments	€bn	107.4	105.9	115.0
Net underwriting provisions	€bn	94.2	90.6**	96.1
Reserve ratio property-casualty	%	124.9	113.1	116.8
Combined ratio property-casualty	%	90.8	93.1	93.0

* Before elimination of intra-Group transactions across segments.

** Adjusted owing to first-time application of IAS 19 (rev. 2004).

Our shares		2006	2005	2004
Earnings per share	€	15.12	11.74*	8.01
Dividend per share	€	4.50	3.10	2.00
Amount distributed	€m	988	707	457
Share price at 31 December	€	130.42	114.38	90.45
Munich Re's market capitalisation at 31 December	€bn	29.9	26.3	20.8

* Adjusted owing to first-time application of IAS 19 (rev. 2004).

2. Environmental indicators

Compared with the environmental impact of a manufacturing firm, a financial services provider like the Munich Re Group has a minor direct impact. Nevertheless, we are working hard to reduce our emissions and consumption of resources. Since 2004 we have been able to limit the increase and to stay at around the same level. In particular, we will drastically reduce CO₂ emissions by 2012 on our way towards carbon neutrality in the Munich Re Group.

Key figures of the Munich Re Group*

Reference criterion	Unit	2006	2005	2004
Number of RI group staff	Staff as at 31 December	6,928	6,798	6,612
Proportion of staff covered by certified environmental management system RI group	% of staff	50	49	49
Proportion of staff captured by indicator RI group	% of staff	50	49	49
Electricity consumption Munich Re, Munich	kWh per person per year	6,800	6,780	6,716
Heating Munich Re, Munich	kWh per person per year	3,728	4,423	4,188
Water consumption Munich Re, Munich	litres per person per year	26,697	24,770	24,480
Paper consumption (printers and photocopiers) Munich Re, Munich	sheets per person per year	9,384	9,208	9,976
Of which recycled paper Munich Re, Munich	%	48	55	58
Business trips Munich Re, Munich	km per person	11,410	11,061	11,607
CO ₂ emissions Munich Re, Munich	kg per person per year	5,626	5,738	5,678
CO ₂ emissions including RFI** Munich Re, Munich	kg per person per year	8,068	8,182	8,001
Waste from business operations Munich Re, Munich	kg per person per year	214	227	218

* Adjustments have been made to the figures previously reported in the environmental report. The number of staff now corresponds to that in the annual report. The calculations of our CO₂ emissions (from use of power and travel) is based on the 2005 VfU indicators (German Association for Environmental Management in Banks, Savings Banks, and Insurance Companies) as at February 2007.

** Since 2003 we have also applied the Radiative Forcing Index (RFI) to take account of the higher greenhouse impact of air travel. Currently an RFI factor of 2.7 is applied.

Environmental indicators of the primary insurance (PI) group

Reference criterion	Unit	2006	2005	2004
Number of staff	PI group staff as at 31 Dec	29,509	30,465	33,703
Proportion of staff covered by certified environmental management system	PI group % of staff	15	15	13
Proportion of staff captured by indicator***	PI group % of staff	34	29	27
Electricity consumption	ERGO** kWh per person per year	7,068	7,309	7,232
Heating	ERGO** kWh per person per year	7,211	6,790	7,111
Water consumption	ERGO** litres per person per year	24,581	23,817	24,985
Paper consumption (photocopiers)	ERGO** sheets per person per year	7,941	8,880	9,118
Of which recycled paper	ERGO** %	79	75	75
Business trips***	ERGO** km per person per year	4,518	4,222	3,922
CO ₂ emissions***	ERGO** kg per person per year	5,563	5,659	5,595
CO ₂ emissions including RFI*/***	ERGO** kg per person per year	5,897	5,946	5,818
Waste from business operations	ERGO** kg per person per year	360	363	343

* Air travel including RFI factor of 2.7 (for all flights).

** ERGO brands: Victoria, Hamburg-Mannheimer, DKV, D. A. S.; based on the data for the head-office sites; CO₂ figures are made up of the data for the head offices (electricity consumption and heating requirements) and business trip figures comprise the data for desk staff and for salaried field staff.

*** The business-travel and CO₂ emissions data cover over 70% of staff.

3. Employees

The number of employees at ERGO fell in 2006 by 917 to 28,310 as against the end of 2005, mainly due to structural changes in the Group companies. ERGO's sale of the IT service provider ADA alone resulted in a reduction of 1,100 employees in Germany. The acquisition of the Turkish İsviçre Group led to the addition of 478 employees outside Germany. On balance, owing to strong growth abroad, we are expanding personnel there. In Germany, the overall number of staff was cut by 1,688 as a result of natural wastage and socially acceptable measures, thus enabling us to avoid redundancies. In reinsurance, how-ever, we recorded slight growth of 130.

Human resources

			2006	2005	2004
Employees	Munich Re Group		37,210	37,953	40,962
	Munich Reinsurance Company		6,928	6,798	6,612
	Munich Re, Munich		3,458	3,365	3,208
	ERGO		28,310	29,227	30,921
Employees in training	Munich Re Group		1,295	1,450	1,776
Expenses for advanced training	Munich Re, Munich	€m	6.7	6.3	6.9
Days of advanced training	Munich Re, Munich	Participant days	7,484	7,051	8,237
Employee turnover (total)	Munich Re, Munich	%	2.8	2.8	3.1
Employee absent due to sickness	Munich Re, Munich	%	3.0	3.2	3.1
Proportion of female employees	Munich Re, Munich	%	47.0	47.0	46.0
Foreign employees	Munich Re, Munich	%	8.0	8.5	8.7
Part-time employees	Munich Re, Munich	%	14,0	13,0	12.4

4. GRI Index

The Munich Re Group's sustainability report is based on the Sustainability Reporting Guidelines outlined in the Global Reporting Initiative (GRI), the third generation of which was published in 2006. We have also taken into account the 2002 Financial Services Sector Supplement.

The GRI sustainability reporting guidelines are internationally recognised standards for companies seeking to publish transparent reports on the economic, ecological and social aspects of their activities, products and services.

The following table provides an overview of the GRI indicators specified in the report and where they can be found. All publicly available information of Munich Re Group for 2006 as well as some additional information published until September 2007 are included. The sustainability portal will be updated on a regular basis during 2007 and 2008.

List of abbreviations

CoC:	Munich Re code of conduct
CSD06:	DAS Corporate Social Responsibility Report 2006
DGB06:	DKV Annual Report 2006
EGB06:	ERGO Group 2006 Annual Report
GB06:	Munich Re Group Annual Report 2006
MA06:	Data and facts regarding Munich Re staff
P04:	Perspectives 2004 (Munich Re environmental magazine)
P05:	Perspectives 2005 (Munich Re environmental magazine)
SRI1:	SRI Report 1 (Socially Responsible Investment Report)
SRI2:	SRI Report 2
SRI3:	SRI Report 3
T1/06:	Topics No. 1, 2006
T2/07:	Topics No. 2, 2007
UEM06:	2006 environmental statement regarding the Munich site
UEV05:	2005 environmental statement by Victoria

Key

- Completely covered
- Partially covered
- Not reported
- ▼ Not relevant
- * Additional indicator



GRI for index usage	Source for index
1. Strategy and analysis	
1.1 Statement from CEO	Sustainability
1.2 Description of key impacts, risks, and opportunities	Sustainability
2. Organisational profile	
2.1 Name of the organisation	GB06, front fold-out text
2.2 Primary brands, products, and/or services	GB06, front fold-out text, pp. 48–52
2.3 Operational structure	GB06, front fold-out text, pp. 48, 51, 52, 213–215
2.4 Location of headquarters	GB06, p. 207
2.5 Countries where the organisation operates and names of countries with major operations	GB06, front fold-out text, pp. 49, 213–215
2.6 Nature of ownership and legal form	GB06, pp. 40, 41
2.7 Markets served	GB06, pp. 48–50, 69–74, 104, 105, 148–154
2.8 Scale of the reporting organisation	GB06, pp. 142, 152, 210
2.9 Significant changes during the reporting period regarding size, structure or ownership	GB06, pp. 48–51, 67, 103, 177, 210
2.10 Awards received in the reporting period	Sustainability; GB06, p. 43, 105; SRI3, pp. 9, 11; EGB06, p. 54
3. Report parameters	
3.1. Reporting period	Sustainability
3.2. Date of most recent previous report	February 2007
3.3. Reporting cycle	Annually
3.4. Contact point for questions regarding the report	Sustainability
3.5. Process for defining report content	Sustainability
3.6. Boundary of the report (e.g. countries, divisions)	Sustainability
3.7. Specific limitations on the scope of the report	Sustainability
3.8. Basis for reporting on joint ventures, subsidiaries, outsourcing	Sustainability
3.9. Data measurement techniques	
3.10. Effect of any restatements of information provided in earlier reports	
3.11. Significant changes in the scope, boundary, or measurement methods applied	Sustainability
3.12. Table identifying location of standard disclosures in the report	Sustainability
3.13. Policy with regard to seeking external assurance for the report	UEM06; UEV05; CSD06
4. Governance, commitments and engagement	
4.1 Governance structure	GB06, pp. 57–60, 111–113; P05, p. 50
4.2 Independence of the Chair of the highest governance body	GB06, pp. 57, 58
4.3 Independence of members of the highest governance body	GB06, pp. 57–60, 113
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	GB06, pp. 58, 112; Investor Relations
4.5 Linkage between compensation for members of the highest governance body and the organisation's performance	GB06, pp. 114–118
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	Sustainability; CoC
4.7 Process for determining the qualifications of members of the highest governance body for guiding strategy on economic, environmental, and social topics	Sustainability; GB06; Munich Re Group
4.8 Internally developed statements of mission or values	Sustainability; CoC; P05, p. 31
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance	Sustainability
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Sustainability; GB06, pp. 115–118
4.11 Precautionary approach or principle	Sustainability; P05, p. 31
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	GB06, p. 108; P05, p. 54; Sustainability; Press

4.13	Memberships in associations and/or national/international advocacy organisations	Sustainability; GB06, p. 108; P05, p. 54; Press	▶
4.14	List of stakeholder groups engaged by the organisation	Sustainability; Munich Re Group	▶
4.15	Basis for identification and selection of stakeholders with whom to engage	Sustainability; Munich Re Group; GB06	▶
4.16	Approaches to stakeholder engagement	Sustainability; Munich Re Group	▶
4.17	Key topics and concerns that have been raised through stakeholder engagement	Sustainability; GB06; Munich Re Group	▶
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EC	Economic performance indicators		
EC1	Direct economic value generated and distributed	GB06, front fold-out text, pp. 69, 93, 142–145, 174, 194, 198, 199, 207; MA06, p. 25	▶
EC2	Financial implications for the organisation's activities due to climate change	GB06, pp. 11–13, 61, 108, 126, 204; T1/06	▶
EC3	Coverage of the organisation's defined benefit plan obligations	GB06, pp. 163, 187–189, 191; EGB06, pp. 108, 149–153	▼
EC4	Significant financial assistance received from government		▶
EC5	Standard entry level wage*	Career	▶
EC6	Policy, practices, and proportion of spending on locally-based suppliers	P05, pp. 42, 43	▶
EC7	Procedures for local hiring	MA06, pp. 26, 17	▶
EC8	Infrastructure investments and services provided primarily for public benefit	Sustainability; Munich Re Foundation	▶
EC9	Indirect economic impacts*	GB06, pp. 11–13, 20–21, 61, 75–76, 78, 82, 85, 132, 134	▶
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EN	Environment performance indicators		
EN1	Materials used by weight or volume	Sustainability	▶
EN2	Percentage of materials used that are recycled input materials	Sustainability	▶
EN3	Direct energy consumption by primary energy source	Sustainability, UEM06	▶
EN4	Direct energy consumption by primary source	Sustainability, UEM06	▶
EN5	Energy saved due to conversation and efficiency improvements	Press; T2/07	▶
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services*	Sustainability; P05, p. 32, 41; T2/07	▶
EN7	Initiatives to reduce indirect energy consumption*	Sustainability; P05, pp. 41, 44; SRI3, p. 7; EGB06, p. 56	▶
EN8	Total water withdrawal by source	Sustainability; UEM06	▶
EN9	Water sources significantly affected by withdrawal of water*		▼
EN10	Percentage and total volume of water recycled and reused*	P05, p. 41; UEM06	▶
EN11	Operations in, or adjacent to, protected areas		▼
EN12	Significant impacts of operations on biodiversity in protected areas		▼
EN13	Habitants protected or restored*		▼
EN14	Strategies for managing impacts on biodiversity*		▼
EN15	Number of IUCN Red List species and national conservation list species with habitants in areas affected by operations*		▼
EN16	Total direct and indirect greenhouse gas emissions	Sustainability; UEM06; UEV05	▶
EN17	Other relevant indirect greenhouse gas emissions		▼
EN18	Initiatives to reduce greenhouse gas emissions*	Sustainability; Press; T2/07	▶
EN19	Emissions of ozone-depleting substances		▼
EN20	NO _x , SO ₂ and other significant air emissions		▼
EN21	Total water discharge by quality and destination		▼
EN22	Total weight of waste by type and disposal method	Sustainability; UEV05; UEM06	▶
EN23	Total number and volume of significant spills		▼
EN24	Transported, imported, exported, or treated		▼
EN25	Impact of organisation's discharges of water and runoff on water bodies and related habitants*		▶
EN26	Initiatives to mitigate environmental impacts	Sustainability, SRI3, pp. 2, 3, 7, 10; P05, pp. 32, 35, 39, 40; P04, pp. 13, 29, 47; T2/07	▶
EN27	Products sold and their packaging materials that are reclaimed		▼

EN28	Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations	▼
EN29	Significant environmental impacts of transporting products and other goods*	Sustainability
EN30	Total environmental protection expenditures and investments	■
PR Product responsibility performance indicators		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	▼
PR2	Incidents of non-compliance with health and safety standards*	▼
PR3	Product and service information required by procedures	▼
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product and service information	▼
PR5	Practices related to customer satisfaction*	GB06, pp. 43, 104, 105; SRI3, p. 9; Munich Re Group
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications	■
PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications*	■
PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data*	■
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	■
LA Labour practices and decent work performance indicators		
LA1	Total workforce by employment type, employment contract, and region	GB06; pp. 106, 107, 210; MA06, pp. 5, 9–12, 16, 17
LA2	Total number and rate of employee turnover	GB06, pp. 106, 107; MA06, pp. 23, 24; EGB06, p. 55
LA3	Benefits provided to full-time employees*	Career
LA4	Employees covered by collective bargaining agreements	MA06, p. 16
LA5	Minimum notice period(s) regarding significant operational changes	EGB06, p. 55
LA6	Workforce represented in formal joint management-worker health and safety committees*	Career
LA7	Rates of injury, occupational diseases, lost days, and total number of work-related fatalities	MA06, p. 22
LA8	Assistance for workforce regarding serious diseases	Sustainability; Career
LA9	Health and safety topics covered in formal agreements with trade unions*	Career
LA10	Training per employee	MA06, p. 26, 27
LA11	Programmes for skills management and lifelong learning*	Sustainability; ERGO Management Akademie
LA12	Employees receiving regular performance and career development reviews*	GB06, p. 136; Sustainability
LA13	Composition of governance bodies according to indicators of diversity	GB06, pp. 57, 58; MA06, pp. 15, 18, 19
LA14	Ratio of basic salary of men to women	Career
HR Human rights performance indicators		
HR1	Significant investment agreements that include human rights clauses or that have undergone human rights screening	■
HR2	Significant suppliers and contractors that have undergone screening on human rights	▼
HR3	Employee training on policies and procedures concerning aspects of human rights*	▼
HR4	Incidents of discrimination and actions taken	▼
HR5	Actions taken to support the right to exercise freedom of association and collective bargaining	■
HR6	Measures taken to contribute to the elimination of child labour	▼
HR7	Measures taken to contribute to the elimination of forced or compulsory labour	▼

HR8	Training of security personnel concerning aspects of human rights*	▼
HR9	Incidents of violations involving rights of indigenous people and actions taken*	▼
SO Society performance indicators		
SO1	Programmes and practices that assess and manage the impacts of operations on communities	Sustainability; GB06, p. 108, SO2 Corruption risks
SO2	Business units analysed for risks related to corruption	■
SO3	Training in anti-corruption policies and procedures	Sustainability; GB06, pp. 113, 135, 136; CoC
SO4	Actions taken in response to incidents of corruption	■
SO5	Participation in public policy development and lobbying	Sustainability; CoC; Munich Re Group
SO6	Financial and in-kind contributions to political parties, politicians, and related institutions*	■
SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices*	■
SO8	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	■
CSR CSR management		
CSR1	CSR directives	Sustainability; SRI1, p. 2; P05, p. 31; CoC
CSR2	CSR organisation	P05, p. 50
CSR3	CSR audit	UEM06; UEV05; GB06, p. 108; MA06
CSR4	Handling on sensitive topics	Sustainability; CoC; GB06, p. 135
CSR5	Cases of non-compliance with regulatory stipulations	GB06, pp. 136–137
CSR6	Stakeholder dialogue	Sustainability; GB06; Munich Re Group
INT Internal		
INT1	Internal CSR directives	Sustainability; MA06; CoC
INT2	Staff fluctuation and job creation	GB06, pp. 106, 107; MA06, pp. 23, 24; EGB06, p. 55
INT3	Employee satisfaction	Sustainability; SRI1, p. 8; DGB06, p. 22
INT4	Salaries of upper management	GB06, pp. 114–118
INT5	Bonuses in connection with performance in field of sustainability	■
INT6	Ratio between income of women and men	Career
INT7	Staff profile	MA06, pp. 5–6, 9–12; SRI3, p. 12
SUP Suppliers		
SUP1	Check of main suppliers with regard to social aspects	▼
SUP2	Supplier satisfaction	▼
Society		
SOC1	Expenditure for charitable causes	■
SOC2	Gross value added	GB06, pp. 55, 142–145
INS Insurance		
INS1	Underwriting guidelines	■
INS2	Client profile	GB06, pp. 104, 105; EGB06, p. 54
INS3	Complaints by clients	■
INS4	Insurance providing social benefit	P05, pp. 32, 34, 36; SRI3, p. 4; DGB06; p. 22; Munich Re Foundation