

Swiss Re



Oversight, guidance and transparency

Risk Management as a boardroom issue



Agenda

- An independent risk function plays a critical strategic role
- BoD and BoD Risk Committee oversee risk-taking activities
- BoD guides risk taking by setting high-level risk policy
- The BoD requires transparency of the risks of the group

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Independent risk
function plays a
critical strategic role

Risk Management has a broad and significant mandate



...an independent, influential team of respected risk and actuarial professionals, accountable for ensuring the financial strength (capital, solvency and reserves) and reputation of the Group – even through extreme scenarios

...by providing rigorous risk analytics and thoughtful recommendations to support controlled risk taking and by shaping the risk landscape, in order to instil a risk-aware culture throughout the organization

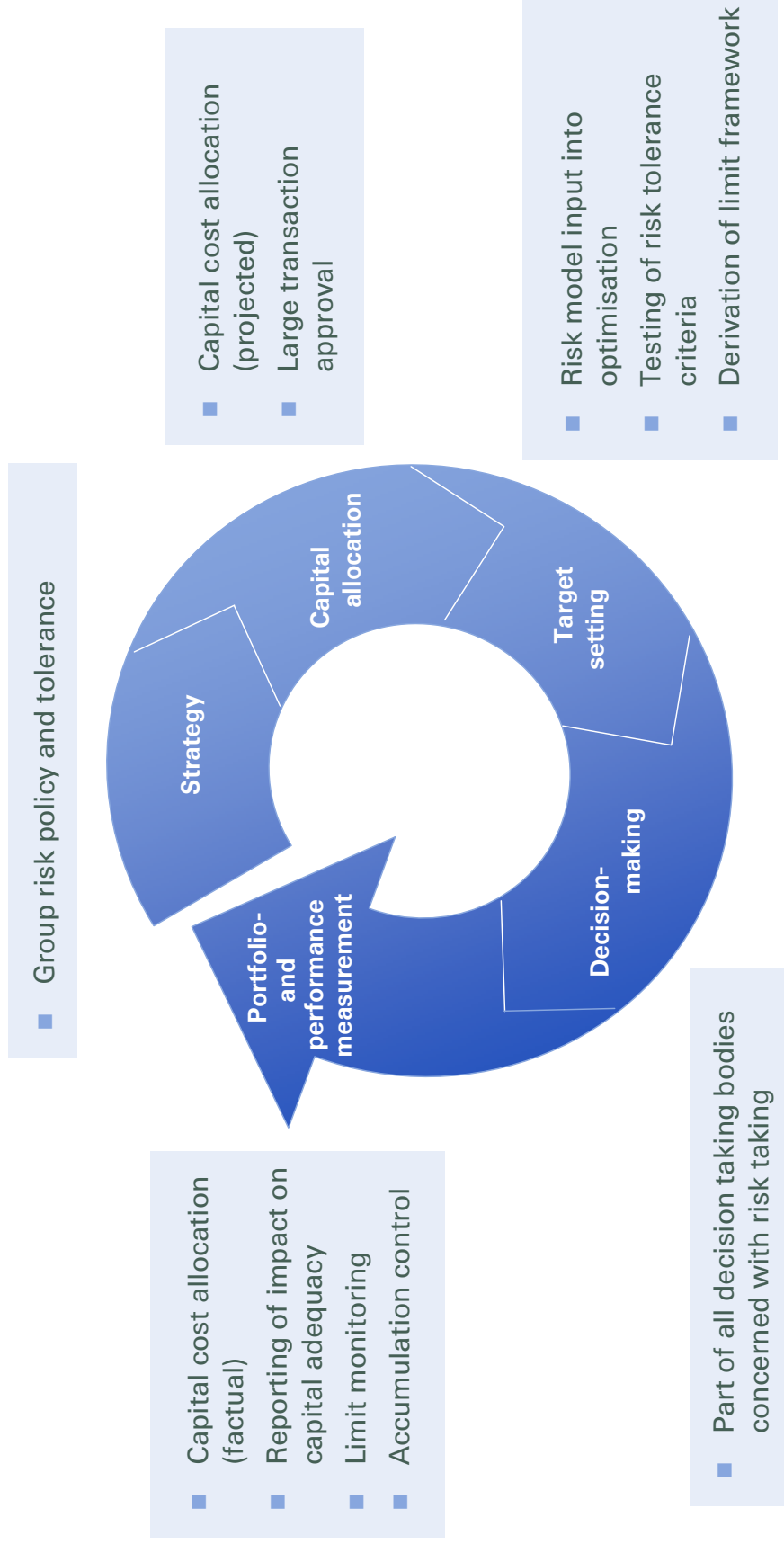
A comprehensive approach to Risk Management covers three key areas



Three Pillars of Risk Management		
Quantitative risk management	Risk governance	Risk Disclosure
<ul style="list-style-type: none"> ■ Sound valuation and risk measurement ■ Quantitative risk limit monitoring system ■ Reliable capital adequacy framework 	<ul style="list-style-type: none"> ■ Clearly defined responsibilities for risk taking and risk mgmt ■ Sound, documented: <ul style="list-style-type: none"> - risk mgmt policies - operating, reporting, limit monitoring, and control procedures ■ Regulatory compliance ■ Internal and external audits of processes and figures 	<ul style="list-style-type: none"> ■ Financial and risk disclosure, incl. information on tail risk and scenarios ■ Company risk culture ■ Peer reviews

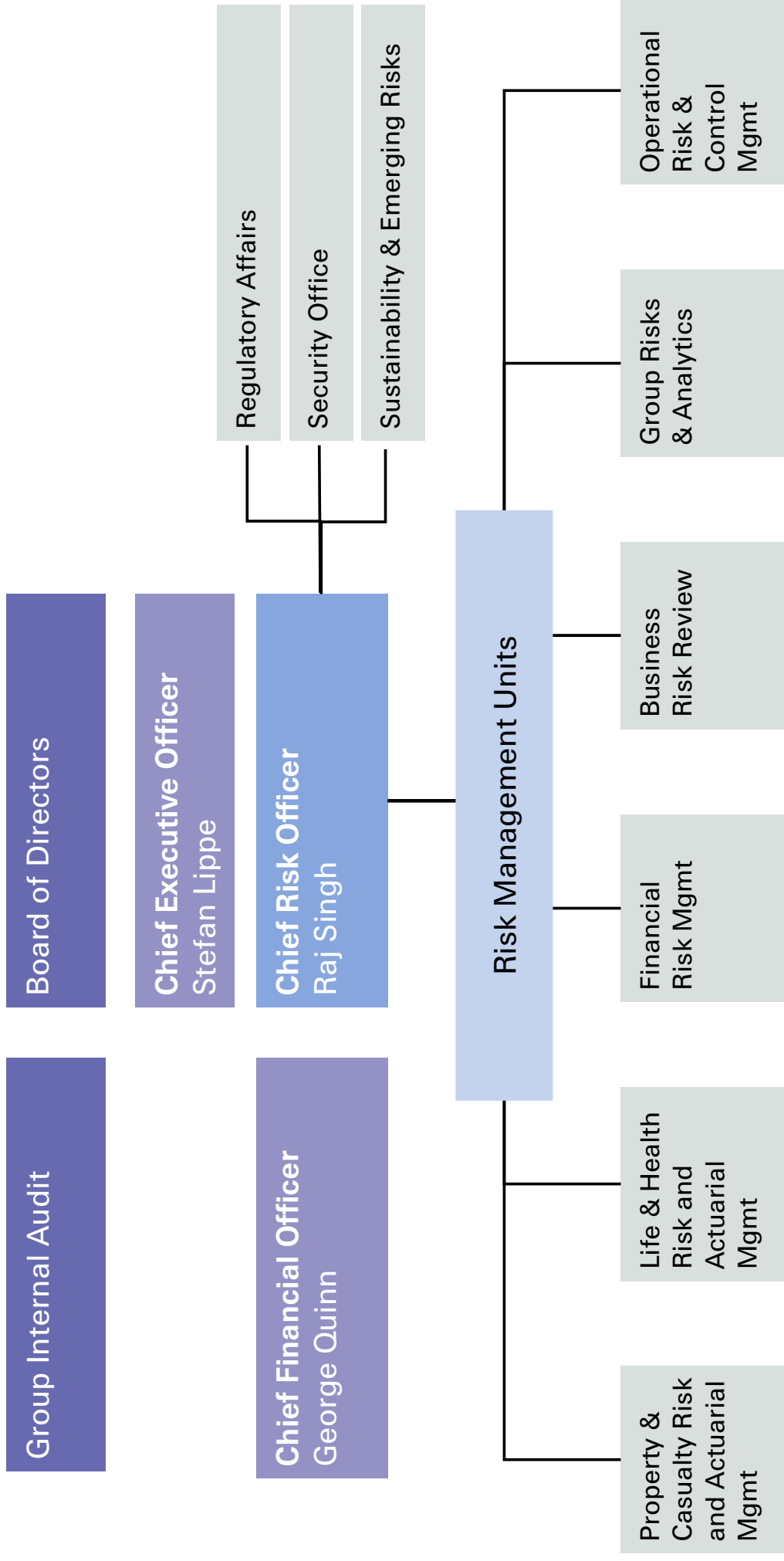


Risk plays a central role in the strategic steering of the company





An independent Risk function is a critical aspect of proper governance

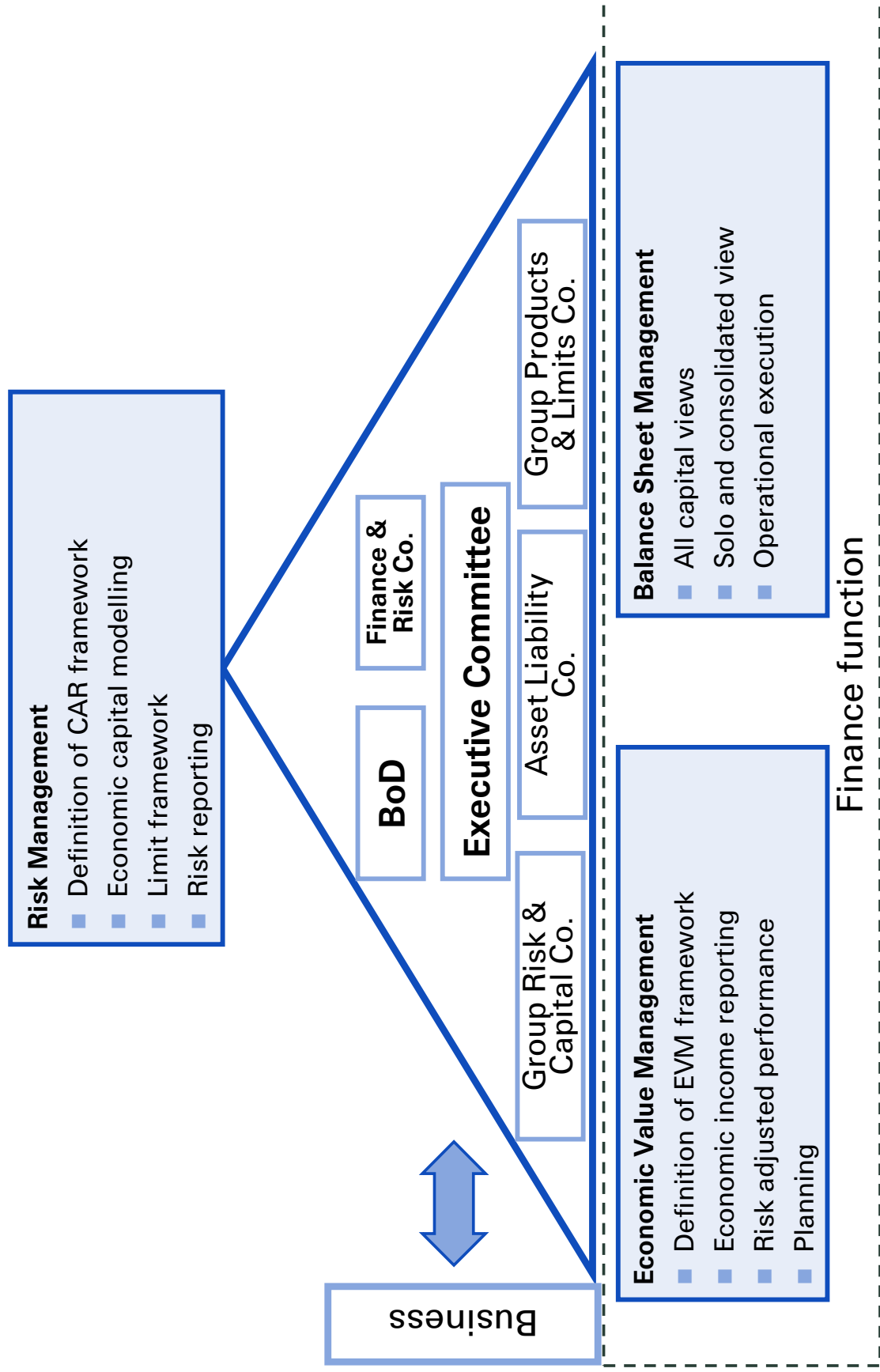




BoD and BoD Risk Committee oversee risk-taking activities



BoD involvement part of an overall governance structure



Finance and Risk Committee has BoD oversight of Risk



- The FRC meets quarterly and reviews:
 - Group Risk Policy (and recommends to the BoD for approval)
 - risk and capacity limits and their usage
 - risk control framework
 - important risk exposures in all major risk categories
 - new products and strategic expansions
 - critical principles used in internal risk measurement, valuation, capital adequacy assessment and economic performance management
 - capital adequacy
 - Treasury function

BoD guides risk taking by setting high-level risk policy

Group Risk Policy, which defines risk culture, is owned by the BoD



Risk culture

Risk strategy

Risk attitude

- define basic areas of risk taking

Risk tolerance

- limit risk to ensure continued operations following extreme loss event

Risk appetite

- create shareholder value by optimizing risk-reward balance

Risk management principles

Controlled risk taking

- clearly specified risk policy and risk control framework

Clear accountability

- individuals held accountable for decisions

Independent risk controlling function

- avoid conflicts of interest

Open risk culture

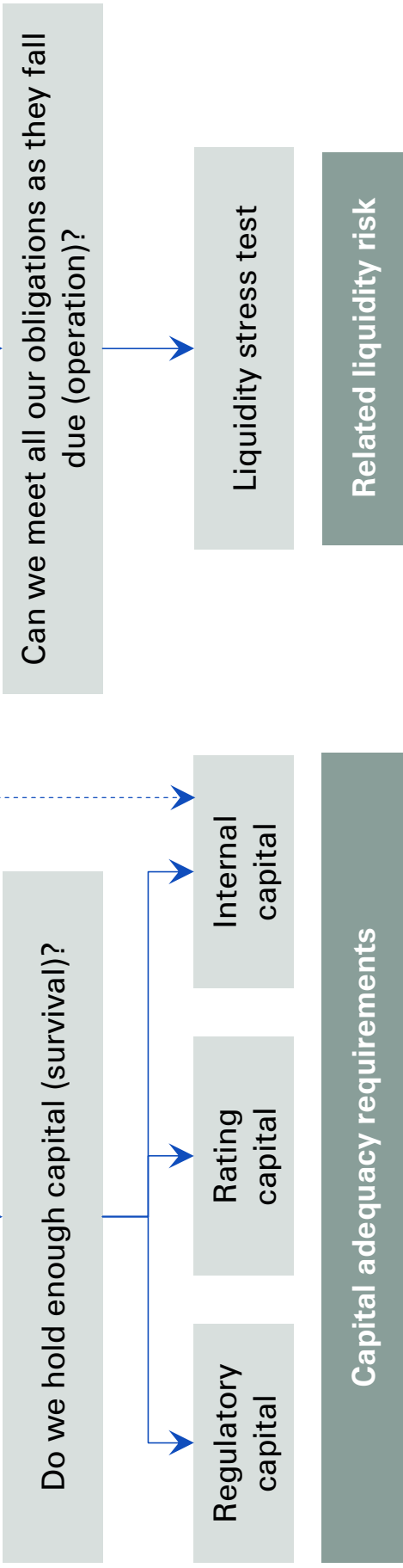
- risk transparency at all levels

Risk tolerance, defined by the BoD, drives capital and liquidity considerations



Swiss Re risk tolerance:
"To be able to continue to operate following an extreme loss event."

"Extreme loss event":
100 year annual aggregate Group loss





The BoD requires transparency of the risks of the group



Risk must regularly inform and influence the BoD on key risk issues

Risks made transparent through regular reporting to the BoD

- ### Key reporting considerations
- Act as a translator, putting the issues in language management can understand
 - Interpret the data
 - Supply recommendations and follow-up on them
 - Use reports as a starting point for discussion
 - Provide context for sensitivities and scenarios

Mitigation status: ● / ● / ●	Issue:	XYZ
Impact: Low/Medium/High	Assessment:	ABC
	Actions taken:	ABC
	Recommendation:	ABC

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A partnership.

The BoD and Risk Management work together to **oversee, guide** and provide **transparency** of all the risk-taking activities of the group

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Questions?



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