

somewhat
different



Sustainability Report

2019

hannover **re**[®]

About us

Hannover Re, with gross premium of more than EUR 22 billion, is the third-largest reinsurer in the world. We transact all lines of property & casualty and life & health reinsurance and are present on all continents with more than 3,000 staff.

Established in 1966, the Hannover Re Group today has a network of more than 170 subsidiaries, branches and representative offices worldwide. The German business of the Hannover Re Group is transacted by our subsidiary E+S Rück.

The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Ruck very good financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

Contents

Foreword from the Executive Board	3
Company Portrait	5
Strategy and sustainability	10
Governance and Dialogue	23
Product Responsibility	40
Employees	52
Environment and Society	68
GRI-Index	80
Contacts	85

Foreword from the Executive Board

102-14, UNGC

Ladies and gentlemen,

With the release of this publication, it is my considerable pleasure to present to you our company's Sustainability Report.

We are all looking back on some tumultuous months. Since March, Covid-19 has dominated public and private life around the world, and doubtless there can only be very few people who have not been affected by the spread of the virus. Our condolences go out to all those who have lost family or friends, and we would like to express our sympathy to all those who have been affected by the virus in any other way.

For us, as a company, there have been and continue to be appreciable impacts. Protecting the health of our employees and their families is the highest priority for myself, my colleagues on the Board, and the entire organisation. I am grateful that within a very short space of time, we were able to put in place the necessary framework conditions for systematically pursuing this goal, and optimally supporting our colleagues in these difficult times. A large part of our workforce continues to work from home, a transition that fortunately passed off smoothly thanks to our good technical readiness. Be that as it may, the lockdown and the ongoing protracted restrictions are posing major challenges for many people. In this respect, it was only natural that we would implement supportive measures on which we report in our section on "Employees".

In our business operations, we have so far come through the crisis well – despite all the uncertainties associated with the pandemic – thanks to our robust risk management and our company's good positioning. Our solid business model is designed to withstand extreme events and, as a reliable partner, we continue to stand ready to support our clients to the fullest extent.

It remains to be seen whether Covid-19 changes the world on a lasting basis. There can, however, be no question that the natural world, people, and the economy are directly interrelated. There is also no doubt that megatrends existed even before Covid-19 that pose a serious threat to the world as a whole, to different regions, and also to individuals, and these threats need to be urgently addressed.

For many years, scientists have been warning of the adverse impacts of climate change. In the insurance industry, too, correlations with the occurrence of extreme weather phenomena and natural disasters are a hotly discussed topic – one which is, of course, also considered extensively in our risk management systems. In 2019, we conducted an internal study on the risks posed by climate change. In addition, we participate in a range of initiatives and also contribute to external studies, so as to promote the greatest possible transfer of know-how.

In our own business, too, we took significant steps in 2019. In addition to the exclusion criteria that have applied since 2012, we no longer invest in issuers that generate 25% or more of their turnover from coal mining, coal-based energy generation or oil sands extraction. We have already scaled back relevant exposures. In April 2019, we took a conscious decision with respect to stand-alone risks to no longer provide reinsurance coverage for any planned new coal-fired power plants or thermal coal mines. With effect from February 2020, we also no longer accept any new stand-alone risks in our facultative division for companies that hold more than 20% of their oil reserves in oil sands. Above and beyond this, we are aiming for a progressive withdrawal from existing risks of this type, such that by the year 2038, we will no longer cover any coal-based risks connected with mining and power generation in our entire book of property and casualty reinsurance business.

As an internationally operating reinsurer, it is our mission and our duty to minimise risks for society and mitigate possible consequences. We accomplish this with our range of insurance products and through our close cooperation with our primary insurance partners. Yet in some markets, where not everyone has sufficient access to insurance solutions, there is a protection gap. Among the steps taken to reach such population groups, we partner with government and private institutions to develop and offer solutions tailored to specific target groups. We report on all measures relating to our core business in the chapter entitled "Product responsibility".

Permit me, if I may, to say a few words now about Hannover Re's sustainability management. Here, too, we have an eventful year behind us – although this time, I look back and to the future with satisfaction and pride. Since May 2020, Hannover Re has been a participant in the United Nations Global Compact; in this connection, from now on, we shall also report in our publications on our commitment and measures in support of the ten principles. Similarly, we officially recognised the core labour standards of the International Labour Organisation for 100% of our workforce in June. Our materiality analysis was completely revised in the first half of 2020 with the invaluable support of internal and external stakeholders. On this basis, we are currently developing our Sustainability Strategy 2021-2023, which I shall be unveiling to you in October 2020. As part of this strategy, we shall address both the principles of the Global Compact and the issue of climate change. We have also made further progress in our operations. Since 2019, we have fully offset our emissions from air travel, which account for roughly 96.5% of our calculated emissions, not only for our German head office but also for our locations in Australia, India, Japan, Malaysia and Shanghai.

Dear readers, enough of these introductory words. I would now like to warmly encourage you to learn more about our sustainable actions on the basis of the present report, and I wish you some fascinating and stimulating reading.

With kind regards,

Yours,

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Henchoz'.

Jean-Jacques Henchoz
Chairman of the Executive Board

Company Portrait

About us

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-9, 102-10, 102-45

Hannover Rück SE is a European Company, Societas Europaea (SE), based in Hannover, Germany. With gross premium of EUR 22.6 billion, it is the third-largest reinsurer in the world.

We transact reinsurance in our Property & Casualty and Life & Health reinsurance business groups. Our subsidiary E+S Rückversicherung AG (E+S Rück), as the dedicated “Reinsurer for Germany”, additionally offers products and services tailored to the specific features of the German market.

In property and casualty reinsurance we assume risks from our clients in accordance with our margin-oriented underwriting policy. The risk transfer reduces the underwriting risks carried by our clients and optimises their capital requirements, hence enabling them to increase their underwriting capacity and take on additional attractive risks.

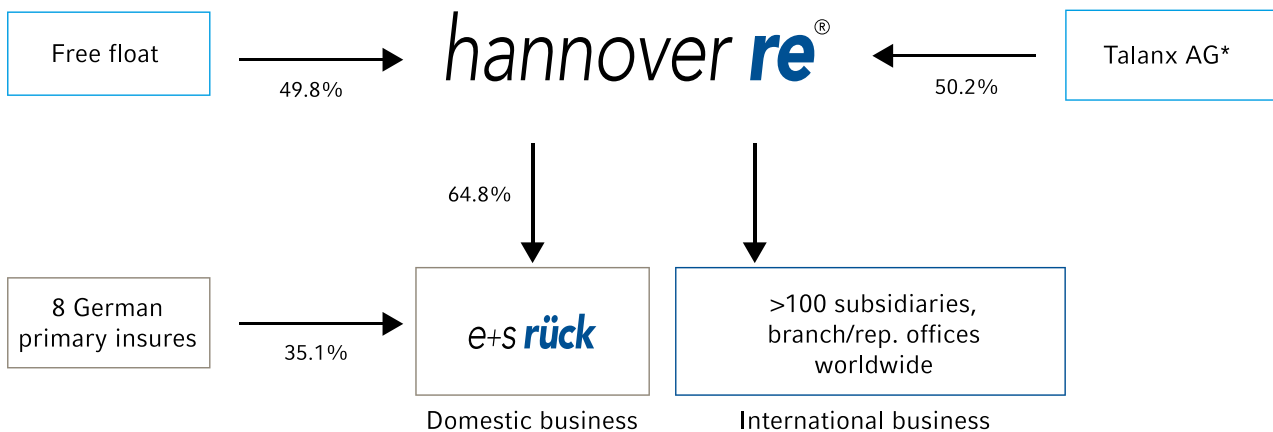
The business written in life and health reinsurance is split into the areas of financial solutions and risk solutions. The latter area is, in turn, differentiated according to the risk types of longevity, mortality and morbidity (strict “any occupation” disability and disability income).

In addition to the regional and treaty departments, our Group’s main organisational units are Business Opportunity and Risk Management, Controlling as well as Finance and Accounting, Information Technology, Investments, Human Resources Management, Group Legal Services and Compliance, Group Auditing, Corporate Development, Corporate Communications and Facility Management.

Hannover Rück SE is listed in the Prime Standard of the German stock exchange. The long-standing principal shareholder of our company is Talanx AG, which is majority-owned by Haftpflichtverband der Deutschen Industrie V.a.G. (HDI). As a mutual insurance company, HDI’s focus on long-term corporate success plays a positive part in sustainable value creation.

Group structure supports the business model

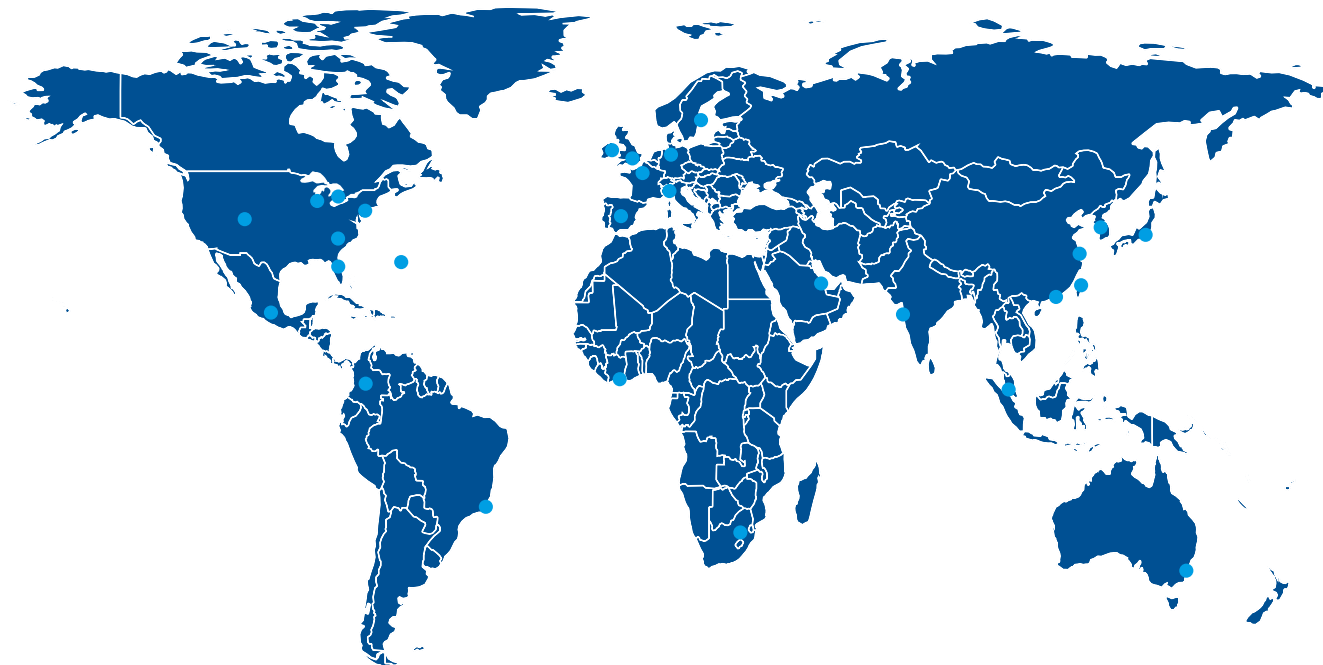
S 01



* Majority shareholder HDI V.a.G.

The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück very good financial strength ratings: Standard & Poor’s AA- “Very Strong” and A.M. Best A+ “Superior”. Along with our excellent financial strength ratings, our high degree of diversification, balanced risk management and comparatively low administrative expense ratio by industry standards all play a part in our enduring success.

Hannover Re operates at locations worldwide.



102-45: A complete list of our shareholdings is provided on page 182 et seq. of the notes to the Group Annual Report 2019. The addresses of the Hannover Re Group's international locations are to be found from page 285 onwards.

102-10: Material changes in our Group structure are described in the Group Annual Report 2019 (notes 4.3-4.5). These include the major acquisitions and new formations, disposals and retirements as well as other corporate changes.

Business performance

102-7

In the financial year just ended, we generated a record result with Group net income of EUR 1,284.2 million (previous year: EUR 1,059.5 million) and thereby not only achieved our profit target for 2019, but also reported a double-digit return on equity for the eleventh time in succession. Our success in this regard, despite the fact that 2019 was another year of relatively heavy losses for the reinsurance industry, underscores our earning power.

Crucial success factors in the Property & Casualty reinsurance business group were the high quality and diversification of our portfolio, a leading position in specialty lines as well as a disciplined underwriting policy and our risk management. Our Life & Health reinsurance business group contributed

good results in traditional reinsurance and in the areas of longevity and financial solutions. Sustained improvements in the in-force US mortality portfolio also played a part. In addition, we generated very healthy income from our investments. We benefited here from a number of positive one-time effects, while at the same time holding ordinary income stable despite the challenging situation on capital markets.

Our gross premium volume increased by 17.8% to EUR 22.6 billion (EUR 19.2 billion); growth would have reached 15.2% adjusted for exchange rate effects. Net premium earned climbed by 14.1% to EUR 19.7 billion (EUR 17.3 billion). The operating profit (EBIT) rose by 16.1% to EUR 1.9 billion (EUR 1.6 billion). Earnings per share stood at EUR 10.65 (EUR 8.79).

The equity attributable to our shareholders increased by 20.0% year-on-year to EUR 10.5 billion (EUR 8.8 billion). The total policyholders' surplus (including non-controlling interests and hybrid capital) grew by 23.1% to EUR 13.6 billion (EUR 11.0 billion). The book value per share thus stood at EUR 87.30 (EUR 72.78). The return on equity amounted to 13.3% (12.2%).

With the approval of the Annual General Meeting held on 6 May 2020, we distributed altogether 52% of our Group net income for the 2019 financial year to our shareholders. The total distribution of EUR 663.3 million was split into an

ordinary dividend of EUR 4.00 and a special dividend of EUR 1.50 per share.

Based on our share's year-end closing price of EUR 172.30, the market capitalisation of the Group as at the end of the financial year amounted to EUR 20.8 billion and was thus

EUR 6.6 billion – or 46.4% – higher than the previous year's figure of EUR 14.2 billion.

For more information we refer to our Group Annual Report 2019.

Key financial indicators

S 03

in EUR million	2019	+/- previous year	2018	2017	2016 ¹	2015
Results						
Gross written premium	22,597.6	+17.8%	19,176.4	17,790.5	16,353.6	17,068.7
Net premium earned	19,729.7	+14.1%	17,289.1	15,631.7	14,410.3	14,593.0
Net underwriting result ²	-9.7	-106.2%	156.9	-253.6	448.1	488.9
Net investment income	1,757.1	+14.8%	1,530.0	1,773.9	1,550.4	1,665.1
Operating profit (EBIT)	1,853.2	+16.1%	1,596.6	1,364.4	1,689.3	1,755.2
Group net income	1,284.2	+21.2%	1,059.5	958.6	1,171.2	1,150.7
Balance sheet						
Policyholders' surplus	13,588.9	+23.1%	11,035.1	10,778.5	11,231.4	10,267.3
Equity attributable to shareholders of Hannover Rück SE	10,528.0	+20.0%	8,776.8	8,528.5	8,997.2	8,068.3
Non-controlling interests	826.5	+8.0%	765.2	758.1	743.3	709.1
Hybrid capital	2,234.4	+49.6%	1,493.1	1,492.0	1,490.8	1,489.9
Investments (excl. funds withheld by ceding companies)	47,629.4	+12.9%	42,197.3	40,057.5	41,793.5	39,346.9
Total assets	71,356.4	+10.6%	64,508.6	61,196.8	63,594.5	63,214.9
Ratios						
Combined ratio (property and casualty reinsurance) ²	98.2%		96.5%	99.8%	93.7%	94.4%
Large losses as percentage of net premium earned (property and casualty reinsurance) ³	7.5%		7.9%	12.3%	7.8%	7.1%
Retention	90.0%		90.7%	90.5%	89.3%	87.0%
Return on investment (excl. funds withheld by ceding companies)	3.5%		3.2%	3.8%	3.0%	3.4%
EBIT margin ⁴	9.4%		9.2%	8.7%	11.7%	12.0%
Return on equity (after tax)	13.3%		12.2%	10.9%	13.7%	14.7%

¹ Restated pursuant to IAS 8

² Including expenses on funds withheld and contract deposits

³ Hannover Re Group's net share for natural catastrophes and other major losses in excess of EUR 10 million gross as a percentage of net premium earned

⁴ Operating result (EBIT)/net premium earned

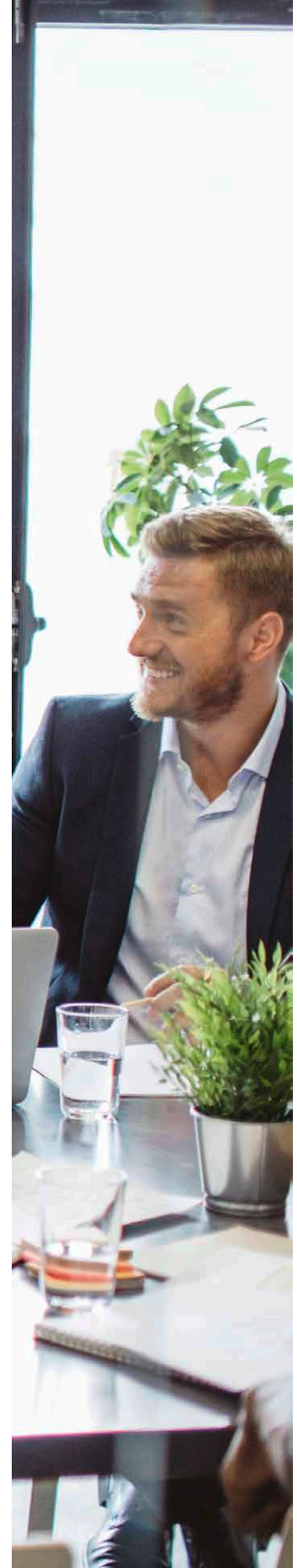




Strategy and sustainability

Our values

Our understanding of sustainability forms a fundamental integral part of our Group strategy and is elaborated on more specifically in our sustainability strategy. Sustainability is enshrined in our self-image and our values that we developed in 2019 in a participatory process involving roughly one quarter of our global workforce. Our corporate purpose “Beyond risk sharing – we team up to create opportunities” and our values “Responsibility, We-spirit and Drive” are reflected in our basic approach – thinking a step ahead, acting together, maximising opportunities and identifying solutions.



Strategy and sustainability

Equity story

Established in 1966, we have developed into one of the leading globally operating reinsurers with our lean structures and efficient organisation. Drawing on our quick, flexible and undogmatic business approach, we have evolved into a professional reinsurer with extensive specialist expertise. We transact our insurance business with lower management expenses than our peers. This is to the benefit not only of our clients but also our shareholders.

In the second half of 2019, we explored the definition of a purpose statement for Hannover Re. More than 400 members of staff around the world engaged in a frank exchange about the meaning of our work, about our culture and values, and about the future orientation of our company. On this basis, we formulated a corporate purpose that perfectly encapsulates the strengths and ambition of Hannover Re:

“Beyond risk sharing – we team up to create opportunities”.

In keeping with our corporate values, our purpose statement highlights our desire to deliver added value for our clients that goes above and beyond pure risk coverage (“Beyond risk sharing”). We aim to do this on a partnership basis and as a global team (“we team up”). At the same time, we see ourselves in a proactive role as an innovation partner for our clients (“to create opportunities”). Tailor-made solutions for our business partners establish the basis for strengthening and further extending our position as one of the leading reinsurers. By identifying innovative business opportunities associated with newly emerging risks, we constantly enlarge the scope of our commercial activities.

In view of the fact that we write largely uncorrelated or scarcely correlated reinsurance risks across all lines of our business groups of Property & Casualty and Life & Health reinsurance, and thanks to our global presence, we achieve broad diversification and hence an efficient risk balance. In conjunction with our capital management, this is the key to our comparatively low cost of capital.

We have a very robust capital base which is continuously reviewed with an eye to possible changes in the risk profile. Our rigorous risk management is geared to acting on business opportunities and hence securing our financial strength for the long term.

We attach pivotal importance to ensuring sustainable growth in the interest of our clients, shareholders, employees and business partners. This means growing profitably. We aim to

sustainably increase the earnings per share and the value of the company (defined as our economic capital) in line with our targeted return on equity.

We promise our shareholders a lasting above-average return on their capital. With this in mind, we aspire to generate a return on equity in accordance with IFRS at least 900 basis points above the risk-free interest rate. Measured in terms of return on equity, Hannover Re is one of the most profitable reinsurers in the world.

Furthermore, the sustainable earnings level that we aim for enables us to consistently pay our shareholders an attractive dividend.

Group strategy

We have no doubts as to the favourable outlook for the worldwide reinsurance market going forward and our goal throughout the current 2018 to 2020 strategy cycle is once again to further expand our position as one of the leading, most profitable globally operating reinsurers. We intend to achieve this by creating value through reinsurance for our clients, our shareholders and our employees. With this in mind, we have therefore formulated our Group strategy 2018 – 2020 to reflect our vision of “Creating value through reinsurance”.

At the heart of our Group strategy are our profit and growth targets. Profit and value creation are the cornerstones of our long-term development. Our aim is to achieve commercial success in accordance with the needs of our stakeholders and with an eye to environmental considerations. Non-financial goals are specified, inter alia, in our sustainability strategy.

Our Group strategy encompasses ten strategic principles that apply to all business units and help to ensure that we can realise our vision for the strategy cycle 2018 to 2020.

- We have ambitious economic growth targets
- We are a preferred business partner
- We aim for successful employees
- We strive for an optimal balance between stability and yield of our investments
- We manage risks actively
- We maintain an adequate level of capitalisation
- We conduct our business with lower costs than our competitors due to our high efficiency
- We support our business through efficient information technology and take advantage of digitalisation and automation

- We are committed to sustainability, integrity and compliance
- We strive for Performance Excellence and continuous improvement

Our goals are reviewed in a three-year cycle and adjusted as necessary.

Further information on our Group strategy is available on our website.

Value-based management

Our holistic management system Performance Excellence 2.0 ensures consistent implementation of our corporate strategy throughout the Group and across the various areas of business.

Performance Excellence enables us to steer and measure the development of the company and hence also to evaluate the extent to which we have achieved our strategic objectives. It is based on the Excellence Model of the European Foundation for Quality Management (EFQM). The decentralised approach used by Performance Excellence is of special importance in

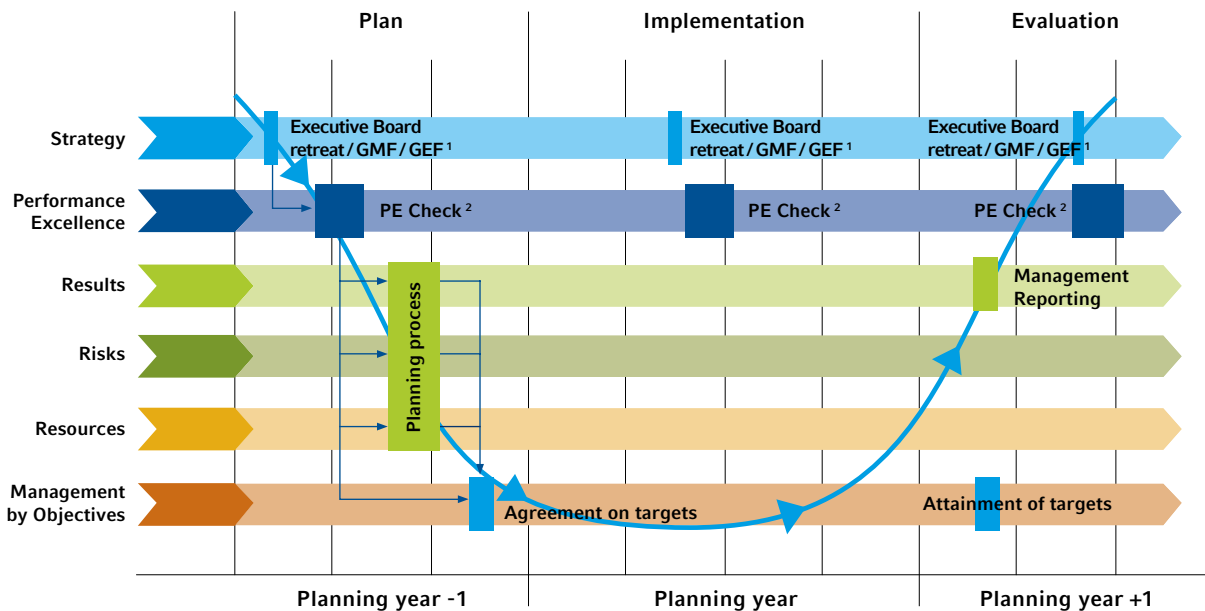
this context. It enables each of our Group's organisational units to define and examine its contribution to the Group strategy. In this way, we ensure that all initiatives and activities within our Group are rigorously linked to the corporate strategy.

Our integrated system of enterprise management constitutes the basis for accomplishment of our strategic objectives. Located at its core are, first and foremost, our profit and growth targets, which are summarised for the Group as a whole and the individual business groups in the target matrix. In addition to traditional performance indicators geared to the IFRS balance sheet, our system of strategic targets also includes economic targets derived from our certified internal capital model and from the economic equity pursuant to Solvency II reporting. These targets are regularly analysed and adjusted in the context of the strategy review conducted at periodic intervals.

The key indicators from the target matrix are integrated into the individual agreements on objectives with managers. When it comes to the definition of objectives, the participants take into account not only standardised financial indicators but also non-financial variables derived from the strategic parameters.

System of value-based management:
Performance Excellence (PE) combines the strategic and operational levels

S 04



¹ The Global Management Forum (GMF) and the Global Executive Forum (GEF) bring together senior managers of the Hannover Re Group from around the world for the purpose of defining strategic orientations. The parameters developed here serve as the basis for the subsequent planning process.

² Verification and elaboration of contributions to the Group strategy

Sustainability management

102-18, 102-19, 102-20

Responsibility for the topic of sustainability rests with our entire Executive Board. The sustainability strategy, goals and measures are reviewed and approved by the Executive Board and the Supervisory Board.

The Environmental Management Officer, the Compliance Officer, the Corporate Governance Officer, the Chief Risk Officer and the ESG Officer on the investment team report on a regular basis to the Executive Board. Together with further representatives of various specialist departments, they form an interdisciplinary working group at the Hannover location that is responsible for preparing the orientation of our sustainability

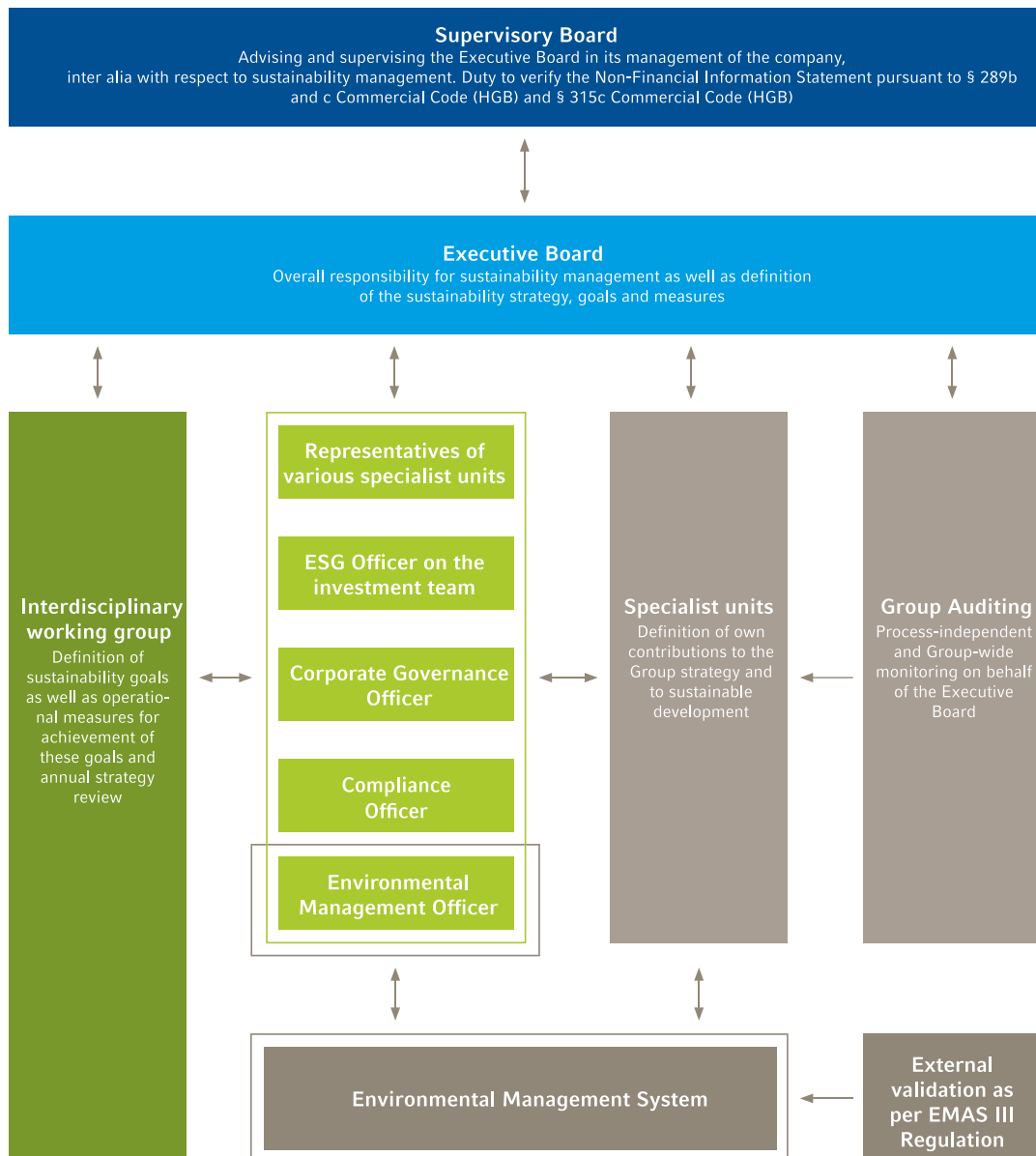
strategy as well as for defining and executing appropriate operational measures. It meets annually to review the strategy and also on a case-by-case basis in varying constellations depending on the tasks to be dealt with. Each member has committed to advance the goals of the sustainability strategy within his or her own specialist area.

In addition, our sustainable value creation is ensured by a comprehensive risk management system with appropriate reporting structures. Our Group Auditing unit carries out process-independent monitoring throughout the Group on behalf of the Executive Board.

Further information on our sustainability management is available on our website.

Central functions of sustainability management

S 05



Sustainability strategy

102-42

For us, sustainability means a commitment to responsible and transparent corporate governance geared to lasting success. With this in mind, in 2011, we drew up a sustainability strategy for the first time. We specify here in more concrete detail the higher-order corporate strategy of the Group with an eye to sustainability considerations and commit explicitly to our strategic objective of sustainable value creation. Parallel to our Group strategy, the sustainability strategy is revisited every three years. The considerable importance attached to sustainability issues is reflected in the associated responsibility within the company: the sustainability strategy, goals and measures are reviewed and approved by both the Executive Board and the Supervisory Board.

Our stakeholder universe was defined as part of the elaboration of the sustainability strategy. The selection of relevant stakeholders is determined by our business activities and our geographical presence, and it is regularly reconciled with representatives of the business centres. Particularly important stakeholder groups for our company are as follows: customers, brokers, the capital market, employees, non-governmental organisations (NGOs) and the public sector.

Just like our Group strategy, our sustainability strategy was reviewed and underpinned with appropriate goals most recently in 2017 in keeping with our three-year strategy cycle.

Our sustainability strategy is available on our website.

Materiality analysis

102-40, 102-42, 102-43, 102-46, 102-47

The material sustainability topics for our company can influence the Group's commercial success in the short, medium and long term. With a view to identifying material non-financial topics, we conducted another stakeholder survey with an external partner in 2018. Representatives of the key stakeholder groups comprised of customers, brokers, the capital market, employees, non-governmental organisations and the public sector were surveyed by means of an online questionnaire and telephone interviews.

On this basis, our already existing materiality analysis was reviewed and adjusted. In this context, we took into account the various materiality approaches of the GRI, which constitutes the basis for our extensive annual sustainability report, and the German Commercial Code (HGB), on which the combined non-financial information statement is based. As a first step, potential topics were identified using internal sources and already received stakeholder feedback as well as information obtained from media analysis, a peer comparison and global standards. The topics were then categorised according to our four action fields in the context of the sustainability strategy. While the external survey developed on this basis focused on the relevance of these topics, the internal survey carried out among our employees included additional dimensions, namely "business relevance" and "impacts of operations". All three dimensions were rated on a scale of 1 to 7, with the lowest figure indicating very low relevance and the highest reflecting a very high degree of relevance. We considered topics rated 5.0 and higher to be material for our company within the meaning of the CSR Directive Implementation Act (CSR-RUG). The survey findings were discussed and approved at an internal workshop attended by representatives of various specialist units and management.

In total, we identified 14 material topics in accordance with the German Commercial Code (HGB) and the GRI:

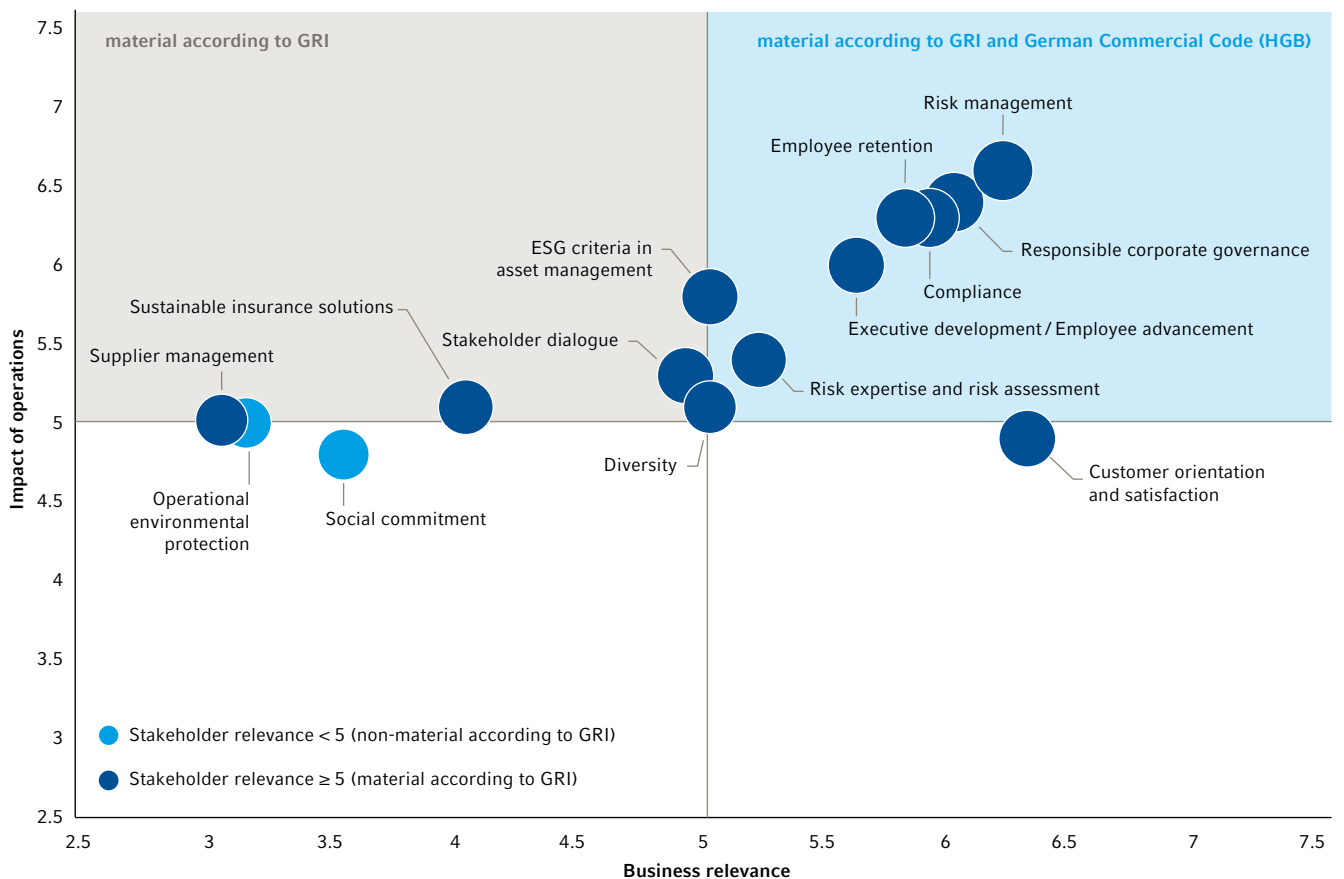
Material topics and their boundaries

S 06

Material topic	Boundaries within the group	Boundaries outside the group
Responsible enterprise management	Entire group	Customers, business partners, capital market, society
Compliance	Entire group	Customers, business partners, capital market, society
Risk management	Especially risk management, entire group	Customers, business partners, capital market
Stakeholder dialogue	Entire group	All stakeholders
Risk expertise and assessment	Business units, risk management	Customers, business partners, capital market
Sustainable insurance solutions	Business units	Customers, business partners, society
ESG in asset management	Asset management	Capital market, society
Customer orientation and satisfaction	Entire group	Customers, business partners
Executive development and employee advancement	Especially personnel management and employees, entire group	(Potential) applicants
Employee retention	Especially personnel management and employees, entire group	(Potential) applicants
Diversity	Entire group	(Potential) applicants, society
Operational environmental protection (Commercial Code)	Currently limited to the Hannover location	Society
Supplier management	Facility Management, Information Technology	Suppliers, society
Social commitment (Commercial Code)	Entire group	Society

Materiality matrix

S 07



Sustainability goals and measures 2018–2020

The goals defined under our sustainability strategy for the period 2018–2020 complement and/or specify in greater detail the objectives set out in our Group strategy – especially the ninth objective: “We are committed to sustainability, integrity and compliance”.

Actions fields and material topics

S 08



Governance and Dialogue

S 09

Goal to be achieved by 2020: Responsible corporate governance

Goals	Measures	Status	Goal achievement/Outlook
Optimisation of sustainability management	Regular review and improvement of sustainability management	Ongoing process 2019: Peer comparison, tracking of new developments, processing of internal and external feedback	Stage completed in 2019 Achievement by 2020 realistic
	Implementation of a Web-based database for central recording of sustainability information	2019: Contract taken out and beginning of implementation	Stage completed in 2019 Achievement by 2020 realistic
Raising employee awareness of the topic of sustainability by expanding internal communication and developing a training concept	Maintaining the intranet and corporate website	Ongoing process 2019: Regular updating and provision of information	Stage completed in 2019 Achievement by 2020 realistic
	Provision of further information on sustainability	2019: Updating of the CSR fact sheet	Done
	Development of a training concept	2019: Elaboration of the training concept currently dormant	Stage not completed in 2019 Achievement by 2020 realistic
Enhancing our appeal in the eyes of ethical and sustainability-minded investors by participating in major sustainability ratings	Ongoing dialogue with rating agencies	Ongoing process 2019: Regular dialogue in connection with sustainability ratings (CDP, FTSE4Good, Sustainalytics, Vigeo Eiris, MSCI, ISS-ESG)	Stage completed in 2019 Achievement by 2020 realistic
	Inclusion in at least one sustainability index	2019: Continued listing in the FTSE4Good index 2019: Continued listing in the STOXX Index family	Stage completed in 2019 Achievement by 2020 realistic
	Publication of a sustainability report in accordance with the GRI Standards	2019: Publication of the sustainability report in accordance with the GRI Standards	Stage completed in 2019 Achievement by 2020 realistic
Refinement and optimisation of reporting on sustainability topics in accordance with the GRI Standards	Perform GAP analysis to identify and close gaps in content	2019: Revision of the management approaches, the presentation of material topics and the table of goals in the context of the Sustainability Report 2018	Done

**Goal to be achieved by 2020:
Compliance**

S 10

Goals	Measures	Status	Goal achievement/Outlook
Optimisation of compliance management	Revision of the Compliance Manual	2019: Revised and approved by the Executive Board	Done
	Optimised classification of compliance risks	2019: Revision of the compliance risk matrix used to evaluate identified compliance risks	Done
		Ongoing process	Ongoing
		The adequacy and effectiveness of the mitigating measures geared to each risk is subject to continuous analysis. The optimisations identified in the context of these monitoring procedures were implemented	
	Deployment of a Group-wide compliance plan	2019: Roll-out of the Group-wide compliance plan, which is to be deployed for the first time in 2020	Stage completed in 2019 Achievement by 2020 realistic
	Closer cooperation with the compliance officers at the international locations	Ongoing process	Stage completed in 2019
		Exchange of views in the context of the European Compliance Officer meetings and regular teleconferences	Achievement by 2020 realistic
		Stepping up of cooperation between compliance officers at the Local Offices and their contacts in the compliance function at the Group's head office	

**Goal to be achieved by 2020:
Stakeholder dialogue**

S 11

Goals	Measures	Status	Goal achievement/Outlook
Intensification of the stakeholder dialogue	Regular dialogue with stakeholders	Ongoing process	Stage completed in 2019
		2019: Further continuous exchange of views with our stakeholders	Achievement by 2020 realistic
		Holding of an Investors' Day and an analysts' conference, participation in capital market conferences, organisation of roadshows as well as numerous one-to-one conference calls with investors	

Product Responsibility

Goal to be achieved by 2020:

Risk expertise and risk assessment

S 12

Goals	Measures	Status	Goal achievement/Outlook
Refinement of risk management, including in relation to ESG risks	Intensification of internal communication and expansion of expertise	Ongoing process, raising of awareness about ESG risks in regular internal risk reporting	Stage completed in 2019
		<p>Provision of comprehensive information on emerging risks that is accessible to all employees. Regular updating of the contents</p> <p>2019: Release of the position paper on emerging risks entitled "Advances in Medicine"</p> <p>Internal study carried out into the risks posed by climate change</p>	Achievement by 2020 realistic
Intensification of knowledge sharing about emerging risks with our customers, partners, universities and research institutes	Active involvement in various working groups and participation in conferences	Active member of the Risk Management Steering Group of the Insurance Development Forum (IDF)	Stage completed in 2019
		<p>Sponsorship of the Global Earthquake Model Foundation 2019: Publication of 15 earthquake models completed, finalisation and publication of all GEM EQ models planned for 2020</p> <p>Support for the development of research programmes, regular publications and organisation of international meetings as a member of the Geneva Association Working Group on "Climate Change and Emerging Environmental Topics"</p> <p>2019: Support for the further refinement of catastrophe models to assess the effects of climate change</p>	Achievement by 2020 realistic
	Knowledge sharing through publications	Support for publications of the CRO Forum and research into climate-related risks	<p>Stage completed in 2019</p> <p>Achievement by 2020 realistic</p>

**Goal to be achieved by 2020:
Sustainable insurance solutions**

Goals	Measures	Status	Goal achievement/Outlook
Supporting, developing and expanding sustainable insurance solutions	Reduction of exposure to fossil fuels	2019: Policy decision in relation to individual risks (facultative reinsurance) to stop reinsuring any planned new coal-fired power plants or thermal coal mines with immediate effect. In addition, no further reinsurance of coal-related risks in the entire property and casualty reinsurance portfolio in connection with coal mining and coal-fired power generation (phased withdrawal by 2038 targeted)	Stage completed in 2019
	Increased involvement in renewable energy	Additional staffing in the relevant market department and associated increase in written treaties Support for our Asian clients in offshore wind business	Stage completed in 2019 Achievement by 2020 realistic
	Support for various sustainable initiatives, including in developing and emerging countries	Ongoing 2019: Cooperation with the Federal Ministry for Economic Cooperation and Development and the UK Department for International Development on the launch of a Natural Disaster Fund (NDF) to further reduce the protection gap in emerging and developing countries through a parametric cover to protect against the impacts of climate change and other natural disasters 2019: Continued support for weather-related products as well as insurance solutions for renewable energy sources such as solar, hydro and wind	Stage completed in 2019 Achievement by 2020 realistic
	Expansion of sustainable insurance solutions in the Life & Health sector	Further development of "Parents Pocket Money Protection" solution for the South African market; product implementation at multiple customers Information seminars for customers in Asia on the subject of longevity protection (to help combat poverty among the elderly) Expansion of critical illness solutions, especially in China Expansion of microinsurance solutions, especially in Latin America	Stage completed in 2019 Achievement by 2020 realistic

**Goal to be achieved by 2020:
ESG criteria in asset management**

S 14

Goals	Measures	Status	Goal achievement/Outlook
Refinement of the sustainability approach in asset management	Use of exclusion criteria	Ongoing: Exclusion of issuers that violate the principles of the UN Global Compact Ongoing: Exclusion of issuers that generate 25% or more of their turnover from coal mining, coal-fired power generation or oil sands extraction Ongoing: Exclusion of issuers involved in the development and proliferation of controversial weapons	Stage completed in 2019 Achievement by 2020 realistic
	Negative screening	Ongoing: Half-yearly negative screening of our fixed-income securities (government and semi-government bonds, corporate bonds and covered bonds) as well as listed equities	Stage completed in 2019 Achievement by 2020 realistic
	Application of a best-in-class approach	Ongoing: Since 2019, half-yearly positive screening and evaluation of the sustainability quality of the investment portfolio	Stage completed in 2019 Achievement by 2020 realistic

**Goal to be achieved by 2020:
Customer orientation and satisfaction**

S 15

Goals	Measures	Status	Goal achievement/Outlook
Fostering customer dialogue, including on ESG-related topics	Sharing knowledge about ESG topics	Ongoing, active knowledge sharing with our customers by way of product- and/or market-specific seminars and workshops (see chapter "Sustainable insurance solutions")	Stage completed in 2019 Achievement by 2020 realistic

Employees

**Goal to be achieved by 2020:
Executive development/Employee advancement**

S 16

Goals	Measures	Status	Goal achievement/Outlook
Optimisation of further training measures for specialist staff and executives	Encouraging all staff to participate in training activities	2019: On average, each employee participated in 3.4 days of further training. Currently, not all training days are counted and taken into account. The number of training days per employee at the Hannover location was 4.8.	Stage completed in 2019 Achievement by 2020 realistic
	Review and refinement of the range of training opportunities for all employees	Ongoing, 2019: Continuing offer of an Employee Assistance Programme 2019: Preventive seminars geared to enhancing resilience and relaxation skills offered and well attended on multiple occasions 2019: Continuation of the workshop "Fit for changes" in response to the changing world of work	Stage completed in 2019 Achievement by 2020 realistic

**Goal to be achieved by 2020:
Employee retention**

S 17

Goals	Measures	Status	Goal achievement/Outlook
Maintaining strong employee affinity	Ongoing employee retention management	Ongoing: Measures such as those to enable more flexible working in terms of time and place, promoting a work/life balance, fair remuneration, fringe benefits 2019: Staff turnover rate at the Hannover location 2.7% (target: 3-5%)	Stage completed in 2019 Achievement by 2020 realistic
Holding of Group-wide employee surveys on a recurring basis	Conducting employee surveys	2019: Group-wide employee survey conducted as part of the Organizational Health Check with a participation rate of 64% (target for employee surveys: 60%)	Stage completed in 2019 Achievement by 2020 realistic

**Goal to be achieved by 2020:
Diversity**

S 18

Goals	Measures	Status	Goal achievement/Outlook
Promoting diversity and equal opportunities	Promoting a work environment free of discrimination; part of the Code of Conduct	Ongoing: Zero tolerance policy for discrimination based on colour, gender, age, ethnic origin, religion, sexual orientation, gender identity or expression, relationship/family status, citizenship, disability, medical condition or any other legally protected factor Ongoing: Whistleblower system for reporting any incidents 2019: No instances of discrimination that would have had consequences under labour law were reported	Stage completed in 2019 Achievement by 2020 realistic
	Fostering women in management positions	2019: The proportions of women on the second and third levels of management amounted to 17.4% (target: 18%) at the Hannover location and 17.1% Group-wide as at 31 December 2019 Ongoing: Cultivation of a Group-wide women's network	Stage completed in 2019 Achievement by 2020 realistic
	Implementation of mentoring programmes for the advancement of women	2019: Launch of a new implementation round with nine tandems	Stage completed in 2019 Achievement by 2020 realistic
Improving the conditions needed to ensure a healthy work/life balance for our employees	Promotion of measures for a healthy work/life balance by the employer	Ongoing, various support offers again available in 2019 including part-time and teleworking models, flexi-time arrangements and an in-house infant daycare centre 2019: Launch of mobile working option	Stage completed in 2019 Achievement by 2020 realistic

Environment and Society

Goal to be achieved by 2020:

Operational environmental protection

S 19

Goals	Measures	Status	Goal achievement/Outlook
Continuous refinement of environmental management	Push towards a net zero carbon footprint for company locations	Review offsetting of CO ₂ emissions caused by air travel in the APAC region	Stage completed in 2019
		Recertification completed in 2019	Achievement by 2020 realistic
	(Re)certification of environmental management	EMAS III Environmental Statements drawn up annually	Stage completed in 2019

Goal to be achieved by 2020:

Supplier management

S 20

Goals	Measures	Status	Goal achievement/Outlook
Ongoing evaluation of ~90% of suppliers (measured by purchasing volume) according to environmental and social standards	Evaluation of suppliers	Ongoing, 2019: Evaluation of 85% of the purchasing volume in Facility Management and 100% of the purchasing volume in the IT sector according to ESG criteria	Stage completed in 2019
		All new and core suppliers are required to respect a Code of Conduct in which they undertake, among other things, to comply with environmental and social standards	Achievement by 2020 realistic
		89% of category A and B IT vendors undertake to comply with the Code of Conduct for Suppliers	

Goal to be achieved by 2020:

Social commitment

S 21

Goals	Measures	Status	Goal achievement/Outlook
Refinement of the concept for social commitment	Development of a concept	Currently on hold	Stage not completed in 2019
			Achievement by 2020 realistic
Expansion of reporting on social commitment and donations	Reworking and consolidation of the national and international donations policy	Currently under review	Stage not completed in 2019
			Achievement by 2020 realistic

Governance and Dialogue

Responsible enterprise management

103-1

As an internationally operating company, Hannover Re bears responsibility in numerous ways. This is true of our compliance with relevant laws and regulations, but also applies to our relationship with our staff, customers, shareholders, the public at large and the cultures within which we operate.

Through transparent and responsible action, we strengthen the trust placed by the market in our company and in our corporate governance, and at the same time we protect the intangible asset that is our reputation. As a result, our employees and clients enjoy working for and with us. Not only that, it also makes it easier for us to access capital and reduces the cost of capital, which in turn improves our competitiveness. Furthermore, responsible corporate governance helps to avert risks and mismanagement and promotes the stability of financial markets. All in all, then, good corporate governance is in the interest of a broad range of stakeholders and is practised by our company as a matter of course.

In the context of our materiality process, we identified the issue of responsible enterprise management as a material topic.

Governance structure

103-2, 102-18, 102-22, 102-23, 102-24, 102-25, 102-33, 102-44, 405-1

As a listed European joint-stock company in the form of a Societas Europaea (SE) based in Germany, the formal structure of our corporate governance is determined by national law. As an SE, we are also subject to laws on co-determination, especially the participation agreement concluded with the employees. Furthermore, our corporate strategy, Corporate Governance Principles and Code of Conduct constitute the basis of our enterprise management.

The fundamental hallmarks are the two-tier governance system with its transparent and effective split into the management of the company (Executive Board) and its oversight (Supervisory Board), the composition of the Supervisory Board with representatives of the shareholders and employees as well as the shareholders' rights of co-administration and supervision at the General Meeting. These three bodies – Executive Board, Supervisory Board and General Meeting – make up the company's governance structure. The interaction be-

tween them is regulated in German stock corporation law as well as in the company's Articles of Association.

The avoidance of conflicts of interest is assisted by the control mechanisms stipulated in law and in the Articles of Association that exist between the Executive Board, Supervisory Board and General Meeting. In order to assure the provision of independent advice to and oversight of the Executive Board by the Supervisory Board, no more than two former members of the Executive Board shall belong to the Supervisory Board. Members of the Supervisory Board may not take on any governance function or consulting tasks at significant competitors of the company. Subject to the divergences disclosed in the context of the Declaration of Conformity, the Supervisory Board also fulfils the requirements of the German Corporate Governance Code regarding the independence of this body.

Overall responsibility for enterprise management and Group-wide risk management as well as for the definition of the risk strategy rests with the Executive Board of our company. The Supervisory Board takes responsibility for advising, and especially for monitoring and supervising, the Executive Board in its management of the company and also with respect to risk management.

Our Code of Conduct, company's Articles of Association and Declaration of Conformity can be accessed on our website.

When appointments are made to the Executive Board and Supervisory Board, Hannover Re is guided by a number of considerations including the principle of diversity. Wide-ranging qualifications, expertise and relevant experience on the part of the members of the Executive Board and Supervisory Board facilitate a nuanced evaluation of the commercial opportunities and risks associated with business operations and enable balanced and professional actions and decisions to be taken on this basis. Due consideration is given to the aspect of diversity when members of the Executive Board and Supervisory Board are appointed. In addition to specialist and personal qualifications (competencies), this aspect encompasses in particular age, gender, education and professional career. With a view to ensuring that the concept of diversity is applied on an ongoing basis, an assessment is made in the context of every new appointment to the Executive Board or Supervisory Board as to whether the envisaged appointment is also in keeping with the diversity concept. We report at length on the concept of diversity in our Group Annual Report 2019 from page 124 onwards.

Our stakeholders have the opportunity to report critical issues to the company's highest governance body. All stakeholders,

and especially shareholders, have recourse to the Supervisory Board with which they can raise their objections. Our shareholders exercise their voting right at our Annual General Meeting, in particular by ratifying the acts of management of the Executive Board and Supervisory Board, adopting the resolution on the appropriation of profit and through their right to ask questions and receive information. In this connection, too, every shareholder is able to directly address questions or comments. Within the framework of our established governance structures, critical concerns – including in relation to sustainability matters – are communicated on an ongoing basis to both the Executive Board and the Supervisory

Board. In accordance with the practice adopted by the Supervisory Board and Executive Board, critical concerns are immediately addressed and dealt with at the meetings of the Supervisory Board and its committees.

Executive Board

Our Executive Board is composed of seven members, who are appointed by the Supervisory Board. Along with their qualifications, the Supervisory Board also pays attention to appropriate diversity in the composition of the Executive Board as set out in the diversity concept.

Executive Board of Hannover Rück SE

S 22

As of 31 December 2019



1
Dr. Michael Pickel

Group Legal Services
Run-Off Solutions
Property & Casualty Reinsurance
• Germany, Switzerland, Austria and Italy
• Latin America, Iberian Peninsula and Agricultural Risks
• North America

2
Sven Althoff

Property & Casualty Reinsurance
• Asia, Australia and Middle East
• Aviation and Marine
• Credit, Surety and Political Risks
• United Kingdom, Ireland and London Market
• Facultative Reinsurance and Direct Business
Coordination of Property & Casualty Business Group

3
Silke Sehm

Retrocessions
Property & Casualty Reinsurance
• Continental Europe and Africa
• Catastrophe XL (Cat XL)
• Structured Reinsurance and Insurance-Linked Securities

4
Jean-Jacques Henchoz

Chairman
Compliance
Controlling
Innovation Management
Human Resources Management
Internal Auditing
Risk Management
Corporate Development
Corporate Communications

5
Roland Vogel

Finance and Accounting
Information Technology
Investment and Collateral Management
Facility Management

6
Dr. Klaus Miller

Life & Health Reinsurance
• North America, United Kingdom/Ireland, Northern, Eastern and Central Europe

7
Claude Chèvre

Life & Health Reinsurance
• Africa, Asia, Australia/ New Zealand, Latin America, Western and Southern Europe
• Longevity Solutions

The Executive Board ensures the elaboration and implementation of a business policy that is consistent with the company's strategic objectives.

With shareholders in mind, the Executive Board expressly attaches importance to an organisation that facilitates cost-efficient, quick and unbureaucratic decision processes. Open and trusting cooperation geared to the collective interest is the cornerstone of success. In this context, the members of the Executive Board bear joint responsibility for the overall management of business. Irrespective of their shared responsibility, each individual member of the Executive Board leads their assigned area of competence at their own responsibility

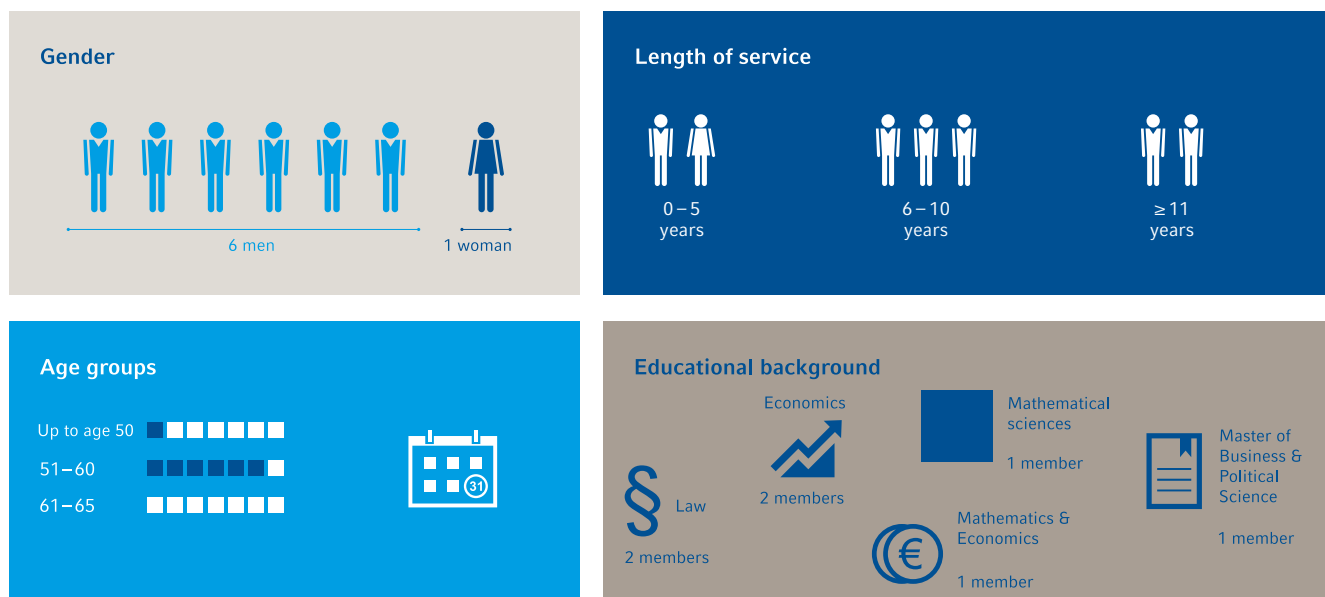
within the bounds of the resolutions adopted by the Executive Board. When individuals are appointed to the Executive Board, the term of appointment is determined such that it expires no later than the end of the month in which the member of the Executive Board turns 65.

For further information on the working practice of our Executive Board please see pages 122 et seq. of our Group Annual Report 2019.

Additional information on the members of our Executive Board is provided on our website.

Overview of diversity on the Executive Board

S 23



Supervisory Board

Our Supervisory Board consists of nine members, with six shareholder representatives elected by the Annual General Meeting. Pursuant to statutory requirements and the Agreement on the Participation of Employees in Hannover Rück SE, the employees are represented by three members. These are elected in accordance with the provisions of the SE Participation Act (SEBG) by the responsible representative body, the joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG.

The most recent regularly scheduled election of shareholder representatives to the Supervisory Board of Hannover Re took place at the Annual General Meeting on 8 May 2019. No additional changes occurred thereafter in the year under review.

The Rules of Procedure of the Supervisory Board stipulate that the Supervisory Board must have a sufficient number of

independent members. Given that members of the Supervisory Board cannot at the same time sit on the Executive Board, a high degree of independence in the oversight of the Executive Board is already ensured by structural means. Currently, the Supervisory Board is of the opinion that of the six shareholder representatives elected by the Annual General Meeting at least three are independent as defined by the German Corporate Governance Code (DCGK). A further member similarly largely fulfils the independence criteria according to the Code, but in view of the fact that he was first appointed on 3 May 2007 he has already belonged to the body for slightly longer than 12 years. In its current composition, the Supervisory Board largely fulfils the requirements of the German Corporate Governance Code with regard to independence. Necessary divergences are disclosed in the Declaration of Conformity pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code and published on our website.

When it comes to selecting the shareholder candidates who are proposed to the General Meeting for election to the Supervisory Board, the Supervisory Board takes care to ensure that the individuals in question have the necessary knowledge, abilities and specialist experience. In addition, the Supervisory Board conducts a self-assessment of its expertise and reviews the efficiency of its work once a year, and decides on suitable development and advanced training measures, as necessary. In 2019, the individual members of the Supervisory Board again took part in numerous further training activities on various core topics and skills. At least one member of the Supervisory Board must have technical expertise in the fields of accounting and the auditing of financial statements. This is assured at the present time. The anticipated time that can be invested in a sustainable increase in the value of the company is similarly a central criterion in the selection of candidates. Bearing in mind the stipulations of the German Corporate Governance Code, the number of seats that may be held on supervisory boards outside the Group is therefore limited.

In accordance with its role, the Supervisory Board appoints the members of the Executive Board and performs its oversight and supervisory functions. The Supervisory Board is kept informed on a regular (at least quarterly) and timely ba-

sis of relevant business events. These include the business development, the execution of strategic decisions, material risks and planning as well as relevant compliance issues. The Chairman of the Supervisory Board stays in regular contact with the Chairman of the Executive Board in order to discuss with him significant business occurrences. Our Articles of Association and the Rules of Procedure of the Executive Board define the specific matters that require the consent of the Supervisory Board or its Chairman.

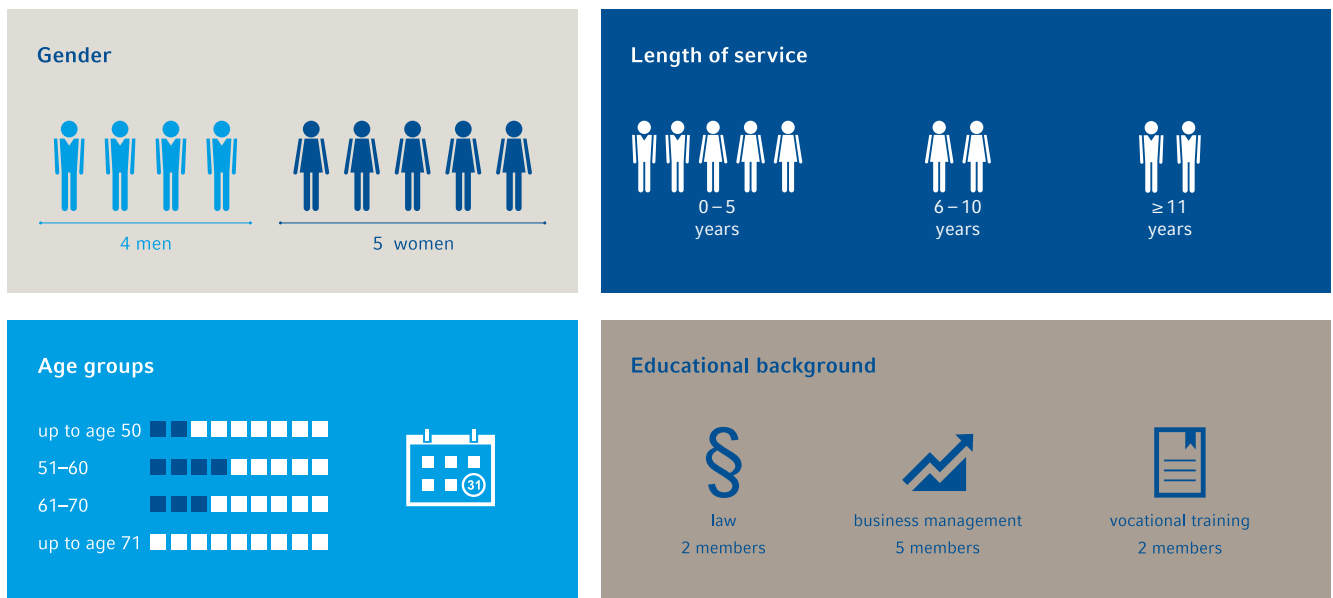
The Supervisory Board of Hannover Rück SE held four regular meetings in 2019 and one constituent meeting following the Annual General Meeting for 2019. All the members of the Supervisory Board and its committees took part in each of the Supervisory Board meetings and committee meetings held in 2019. Two representatives of the Federal Financial Supervisory Authority attended one meeting on a routine basis.

For further information on the working practice of our Supervisory Board and its committees please see pages 122 et seq. as well as pages 279 et seq. of our Group Annual Report 2019.

Additional information on our Supervisory Board is provided on our website.

Overview of diversity on the Supervisory Board

S 24



Remuneration and performance review

103-2, 102-35, 102-36, 102-37

The amount and structure of the remuneration of the Executive Board are geared to the size and activities of the company, its economic and financial position, its success and future prospects as well as the customariness of the remuneration, making reference to the benchmark environment (horizontal)

and the remuneration structure otherwise applicable at the company (vertical). The remuneration is also guided by the tasks of the specific member of the Executive Board, his or her individual performance and the performance of the full Executive Board.

The correlation between the performance of our company and the remuneration of our Executive Board is assured by a

remuneration scheme with two components: fixed salary/ non-cash compensation and variable remuneration. The bases for measurement of the variable remuneration extend over several years, thereby promoting the sustainable development of our company.

The profit- and performance-based remuneration (variable remuneration) is contingent in part on the attainment of individual targets. On the other hand, allowance is also made for targets that refer to key performance indicators of the company (e.g. return on equity). The set targets vary according to the function of the Board member in question. Environmental and social goals are not currently reflected in the performance criteria under the remuneration policy.

The Standing Committee of the Supervisory Board prepares matters of content relating to the remuneration of the Executive Board for discussion and adoption of a resolution by the full Supervisory Board. The remuneration scheme for the members of the Executive Board was presented at the Annual General Meeting 2012 and put to the vote. The shareholders were thus able in this forum to express their opinion on the remuneration scheme. The motion to approve the system of remuneration for the members of the Executive Board was adopted. We draw upon the services of an external independent consultant not only for the elaboration of the remuneration scheme for the members of the Executive Board; outside independent advice is also sought when it comes to making the annual horizontal comparison with the benchmark environment, which is mapped on the basis of typical or average figures from comparable companies.

The remuneration of the Supervisory Board is determined by the Annual General Meeting of Hannover Rück SE and regulated by § 14 of our Articles of Association as amended on 30 May 2016, which are made publicly accessible on our website.

The remuneration scheme for senior executives below the Executive Board (management levels 2 and 3) and for key function holders in Germany belonging as a matter of principle to the ranks of senior executives consists of a fixed annual salary and a system of variable remuneration. This is comprised of a short-term variable remuneration component, the annual cash bonus, and a long-term share-based remuneration component, the Share Award Plan. This variable remuneration has been uniformly applied worldwide since 1 January 2012 to all Group senior executives (i.e. Managing Directors, Directors and General Managers). As part of the reorientation of the remuneration system for senior executives, the Share Award Plan of the Executive Board was consciously extended to include management levels 2 and 3.

Members of staff on the levels of Chief Manager, Senior Manager and Manager are also able to participate in a variable remuneration system through the Group Performance Bonus

(GPB). The Group Performance Bonus (GPB) is a remuneration model launched in 2004 that is linked to the success of the company. This tool is geared to the minimum return on equity of 750 basis points above the risk-free interest rate defined for the specific financial year and the return on equity actually generated.

Detailed information on the remuneration of the Executive Board, Supervisory Board and senior executives below the Executive Board is published in the remuneration report from page 126 onwards of the Group Annual Report 2019.

Corporate Governance Code

103-2

As an instrument of self-regulation for the business world, the applicable version of the German Corporate Governance Code (DCGH) for the 2019 reporting year dating from 7 February 2017 sets out not only legal requirements but also various recommendations and suggestions for good corporate governance. They are intended to maintain and foster the trust of different stakeholder groups in the management and supervision of German companies. Although the Code does not have binding legal force, the enterprises addressed by the Code are nevertheless required by § 161 Stock Corporation Act (AktG) to provide an annual declaration as to whether or not the recommendations of the Code were and are complied with in the reality of the company's business activities.

Since 2003, we have provided an annual Declaration of Conformity with the applicable version of the German Corporate Governance Code as amended, which is published on our website and can be reviewed in the Group Annual Report. Furthermore, our Corporate Governance Principles are regularly revised and reflect the recommendations of the Code as amended. The Corporate Governance Principles of Hannover Rück SE applicable for the 2019 reporting year were approved by the Executive Board and Supervisory Board on 7 November 2017.

Our positive attitude towards the Code notwithstanding, we did not comply with certain Code recommendations in the year under review. A well justified deviation from the recommendations of the Code may be very much in the interests of good corporate governance (cf. the Foreword to the Code). With this in mind, we make allowance for enterprise- and industry-specific features and tailor our corporate governance to fit our company.

In addition, we have already explored at length the comprehensive reform of the Code, which since its publication in the Federal Gazette on 20 March 2020 has been relevant for the required Declaration of Conformity. Full compliance with corporate governance stipulations is therefore assured for 2020 as well.



Governance and Dialogue

Responsible action



Since May 2020, we have been a signatory to the UN Global Compact. Going forward, we shall report on our commitment and the steps we take to support the ten principles and the aspects relating to human rights, labour standards, the environment and fighting corruption. In this context, we have also officially recognised the core labour standards of the International Labour Organization for 100% of our workforce.





Risk management

102-11, 103-1, 103-2, 103-3, own disclosure

Companies find themselves confronted with various risks in the course of their business activities. These risks must be identified and managed.

Risk management is concerned with the monitoring and steering of all financial and entrepreneurial risks that we take on in the context of our business operations. This also extends to risks that may arise in connection with sustainability issues and increasingly have an effect on already existing risk categories. The so-called environmental, social and governance (ESG) risks include, for example, reputational risks, underwriting risks connected with climate change and emerging risks.

Appropriate risk management is a vital tool for ensuring our company's long-term financial stability. The management of reputational risks, in particular, helps to identify and minimize at an early stage potential risks affecting the trust placed in us by our stakeholders. Conversely, the measures contained in the sustainability strategy are crucial for the avoidance of reputational risks. The two issues are therefore closely interlinked.

In the context of our materiality process, we identified the issue of risk management as a material topic.

We have set up risk management functions and bodies Group-wide to safeguard an efficient risk management system. The organisation and the interaction of the individual functions in risk management are crucial to our internal risk steering and control system.

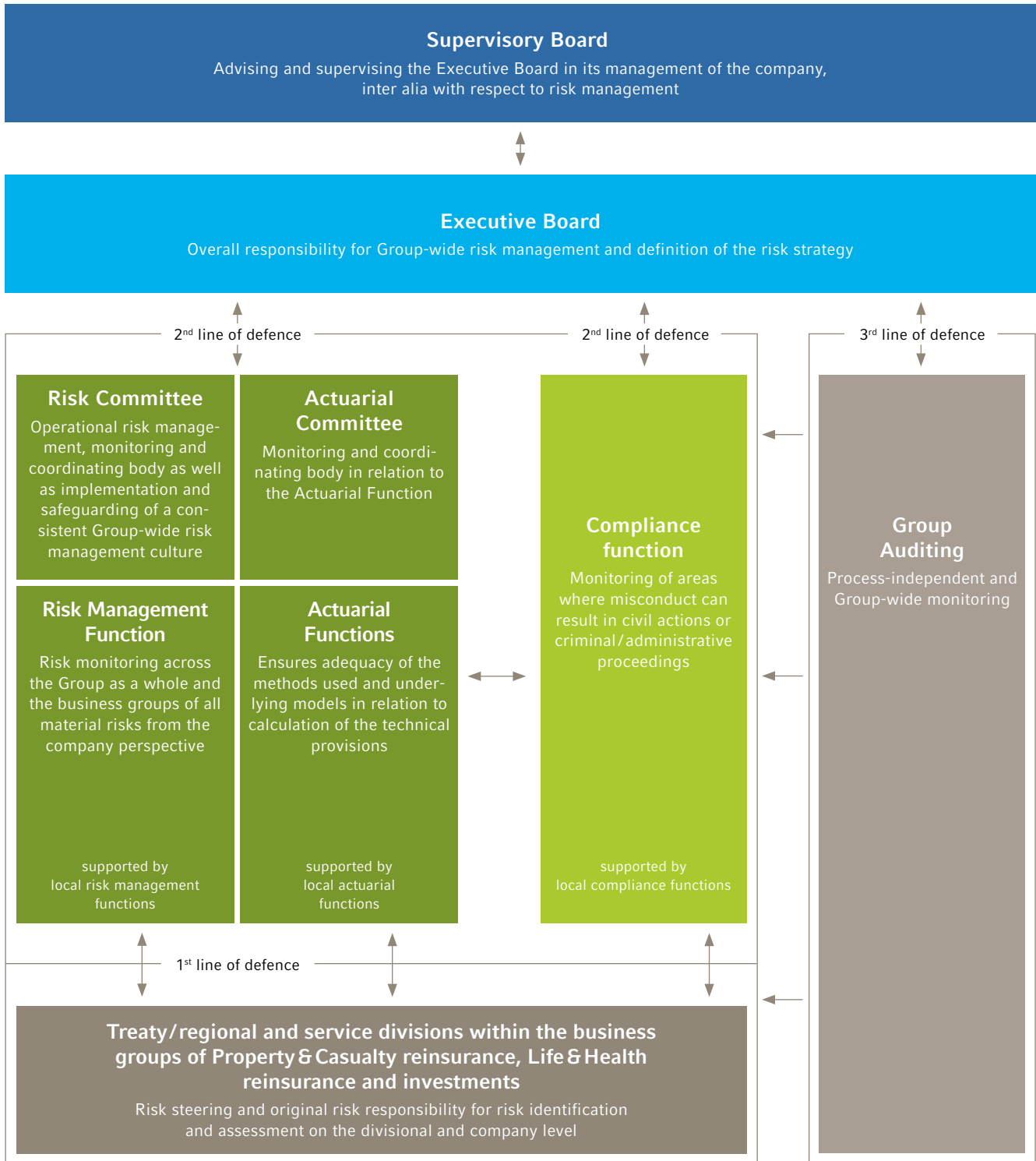
As an actor in the heavily regulated financial sector, Hannover Re is subject to various legal requirements governing risk management. The "Own Risk and Solvency Assessment" (ORSA), for example, is a core element of the Solvency II Directive. The ORSA requires companies to continuously monitor their risk position and financial situation and to review whether their risk management identifies and adequately considers all risks.

The overarching framework governing our risk management system is defined by the Framework Guideline on Risk Management. The rules set out here are derived from our corporate and risk strategy and also reflect the Minimum Requirements under Supervisory Law for the System of Governance of Insurance Undertakings (MaGo) published by the Federal Financial Supervisory Authority (BaFin) as well as international standards and developments in relation to adequate corporate governance.

Our risk management structure is comprised of multiple elements and actors. Overall responsibility for risk management rests with the Executive Board. The Executive Board is responsible for defining the risk strategy and for the proper functioning of risk management. The Supervisory Board advises and supervises the Executive Board in its management of the company. An interdisciplinary Risk Committee serves as an oversight and coordinating body for operational risk management. It exercises its decision-making power within the risk strategy defined by the Executive Board. Group Risk Management takes responsibility for the monitoring of identified risks. It also performs tasks such as risk limitation and reporting and develops methods and processes for risk evaluation, analysis and steering. Original risk responsibility, inter alia for the identification and evaluation of risks, rests with the individual business centres.

Given the ever-increasing complexity of the structures, we use the "three lines of defence" model for the systematic recording, identification, analysis and evaluation of risks. The first line of defence consists of risk steering and the original risk responsibility on the divisional or company level. The second line of defence consists of the key functions of risk management, the actuarial function and the compliance function. These units are responsible for monitoring and control. Group-wide auditing and process- as well as line-independent monitoring of all functional areas is performed by the internal audit function as the third line of defence.

For further information on our risk management we refer to our Group Annual Report from page 92 onwards as well as our annual Solvency and Financial Condition Report.



Compliance

103-1

Any form of unlawful or corrupt conduct causes substantial damage to society and hinders free and fair competition. For this reason, lawmakers around the world have implemented numerous measures to prevent such behaviour. Companies operating in the financial sector, such as Hannover Re, also have an important role to play in prevention and implementation.

At the same time, integrity and legally correct behaviour is directly connected with a company's reputation and establishes the basis for the trust shown in this company by its business partners, investors, shareholders and the public at large and hence also for its ability to remain successful and competitive over the long term.

For us, as Hannover Re, it is fundamental and a matter of course that we respect and comply with relevant laws and regulatory requirements for our business activities in all the countries where we operate. These include, for example, laws and directives governing environmental matters, the prevention of corruption and money laundering, data protection, information security, sanctions and embargos, tax matters as well as the Market Abuse Directive, the Solvency II Directive, the Insurance Supervision Act (VAG), the Securities Acquisition and Takeover Act (WpÜG) and the Securities Trading Act (WpHG). Our company also has its own Code of Conduct.

In the context of our materiality process, we identified compliance as a material topic.

Code of Conduct

103-2, 102-16

At Hannover Re we do not limit compliance issues solely to legal compliance and the fulfilment of external standards such as the Corporate Governance Principles, but also include respect for our internal requirements.

Compliance and a well-developed compliance culture are a fundamental element of our Group strategy. Along with the Group strategy, our Code of Conduct – which is applicable Group-wide – sets out rules for how our employees are to conduct themselves with integrity.

The Code of Conduct is reviewed both at regular intervals and if a concrete need arises, and it is approved by the Executive Board. Since its adoption it is accepted by all new employees as part of their employment contract and hence has binding effect.

The Code of Conduct makes clear that active and passive bribery are not tolerated and further makes specific reference to the prohibition of money laundering and other criminal acts. There are also specific rules of conduct, for example in the form of instructions for the avoidance and disclosure of conflicts of interest, for the granting and acceptance of benefits, gifts and invitations, for the arrangement of donations and sponsorships as well as with respect to sideline activities and involvement in other companies and business transactions.

As a listed company, we also educate employees commencing their employment with us about the necessity of observing rules on insider trading and we specify blocking periods during which shares may not be traded. The consequences of non-compliance and the control mechanisms are explained during training activities.

Our Code of Conduct is available on our website.

Compliance Management System

103-2, 103-3, 205-2

Compliance issues are addressed in the context of our Compliance Management System (CMS). The implementation of our CMS is guided by international standards.

In conformity with the requirements of the Insurance Supervision Act (VAG), the CMS assures the execution of the central tasks performed by a compliance function:

- Advising the Executive Board and the employees in relation to compliance with laws
- Reviewing and evaluating changes in the legal/regulatory environment and determining measures
- Identifying and assessing specific compliance risks (current and emerging risks)
- Providing appropriate systems and structures

Our Group Compliance Handbook summarises the main activities and describes the responsibilities within our company, the interfaces and the various components of the compliance organisation.

The CMS is regularly reviewed and adjusted as necessary; the Group Compliance Handbook was thoroughly revised in the 2019 reporting year.

Compliance Management System

Hannover Re's global Compliance Management System consists of six elements to which the tasks of the compliance function are allocated:

The compliance culture constitutes the core element of any adequate and effective CMS. The "tone at the top", as the cornerstone of corporate culture, is enshrined not only in our company's strategy and Code of Conduct, it is also conveyed in a video message from the Executive Board regarding the Code of Conduct.

Given that Hannover Re has adopted a decentralised approach to compliance, the Compliance team is supported by specialists worldwide in a range of different areas. Together, they all form the compliance function.

The compliance risk element puts us in a position to identify emerging compliance risks at an early stage and to manage such risks as well as ones that are already known. Based on the material legal/regulatory requirements, the individual compliance risk is established for all issues classified as having particular compliance relevance, and necessary measures are implemented. This determination is made on the basis of the compliance risk matrix.

Core compliance issues are actioned in the context of the compliance programme based on the multi-year compliance plan.

The compliance communication element covers a broad range of topics connected with communication. They include, among other things, the annual compliance report, communication and interaction with the members of the decentralised compliance function around the world, the compliance training activities as well as our SpeakUp system.

As the final element of our CMS, the measures implemented to mitigate the inherent compliance risk are evaluated with an eye to their adequacy and effectiveness as part of compliance monitoring and improvement. Any weakness identified in this connection is assessed and measures are initiated.

The compliance function is part of the second line of defence. The Executive Board is responsible for adequate and effective compliance structures and ensures that they are in place. The CMS is implemented by the Chief Compliance Officer (CCO), who acts independently without being bound by instructions and reports on major compliance issues and developments directly to the Executive Board as needed on an ad hoc basis, in the form of regular briefings and in an annual Compliance Report. The findings of the separate data protection reporting for the respective calendar year are additionally included in the Compliance Report. The report is also submitted to the Finance and Audit Committee.

The CCO is assisted in his work by the Compliance department, special compliance representatives, and a network of globally positioned local compliance officers, who report to the CCO and with whom a regular dialogue takes place.

Monitoring procedures are performed to manage compliance risks. Checks can also be made on an ad hoc basis when suspect cases arise. The underlying compliance risk analysis is updated annually.

The CCO cooperates closely with risk management in order to ensure a holistic approach in relation to operational risks, which also include compliance risks. Furthermore, several Compliance Committees have been set up, the members of which come from the operational business groups as well as from the areas of Group Legal Services, Finance, Accounting and Investments. The Compliance Committees examine, among other things, reinsurance contracts with a special eye to compliance with supervisory law and accounting requirements and take policy decisions on the application of sanctions.

Regular verification of Group-wide adherence to the CMS is performed by Group Auditing in its role as the third line of defence.

Compliance culture

103-2, 102-17, 205-2

Hannover Re does not tolerate any form of penal, criminal or dishonest acts. The primary objective is to prevent such acts through transparent and accessible instructions and processes which are regularly questioned and reviewed with an eye to their adequacy and effectiveness.

Despite all the steps taken, the support of attentive and aware employees is needed as well as the possibility to report tips openly and without the fear of reprisals in order to counter any instances of misconduct that potentially may occur. A Web-based whistleblower system has been put in place that enables employees, customers and third parties to report compliance violations in various languages and anonymously if they wish so. Possible topics include, but are not limited to, fraud, corruption, embezzlement, anti-competitive practices, market manipulation, breaches of insider trading regulations or avoidance of embargo provisions. The whistleblower system is operated by an outside company in order to increase whistleblower protection and assure anonymity, if desired. In addition, our employees throughout the Group can seek advice on compliance matters by writing to an e-mail address linked to the Compliance unit within Group Legal Services. Any tips received as well as the measures taken in response are included in the annual compliance report.

In the 2019 reporting year, two notifications of potential wrongdoing were received through the Group-wide whistleblower system. Of these, one notification could not be followed up on and was closed due to a lack of comprehensible content and the impossibility of pursuing it. Investigations conducted into the second notification failed to identify any significant wrongdoings. This notification was also closed, although the basic facts of the matter are picked on in compliance training activities.

No instances of human rights violations or breaches of employment law or decent working conditions were reported to us in the year under review. Similarly, no instances of discrimination were reported that would have necessitated consequences in employment law. Furthermore, no lawsuits were filed against our company in the reporting period or in previous years on grounds of anti-competitive, anti-trust or monopolistic practices.

Hannover Re provides a range of training measures to raise awareness among staff about compliance-related issues. As a general principle, all new employees receive compliance training when they join the Group. In the 2019 reporting year, training activities were held for altogether 113 new employees at the Hannover head office alone. Traditional communication channels including intranet portals and online newsletters are also used to bring compliance-related issues to the attention of the workforce. Important information of company-wide relevance is made available to staff in the intranet. The Compliance unit and the Chief Compliance Officer keep employees informed about changes in legislation, insofar as they affect their work.

Report on selected compliance issues

Data privacy and security

103-2, 103-3, 418-1

As part of our business activities we process and store personal data. The data are required primarily in the context of underwriting, for providing customer- and contract-related services as well as in claims and benefit management. Furthermore, personal data are collected, processed and stored in connection with, among other things, human resources management and shareholder administration. We also process personal data in order to assert our own legitimate interests or those of third parties. In particular, this may be necessary in order to safeguard IT security and IT operations and to meet official requirements.

It is incumbent on the Hannover Re Group to uphold the statutory data privacy rights of data subjects, and we have implemented appropriate procedures and methods for this purpose. The general principle is that personal data may only be

collected, processed and stored by Group employees to the extent that this is necessary for a precisely defined purpose as part of their lawful task fulfilment or a corresponding basis exists in law.

We make use of external service providers to some extent in order to perform our contractual and statutory duties. These external data recipients are to be viewed as part of the data processing operations, as is the case with brokers, outside experts and business partners. All external recipients are contractually bound to comply with statutory data protection requirements and are checked in this regard.

The existing structures of the established compliance organisation are used to implement the minimum standards required by data privacy law. Data protection policies applicable Group-wide regulate the key data protection tasks and responsibilities. Irrespective of the geographical scope of application of the EU General Data Protection Regulation (GDPR), the designated compliance officers and local data protection officers are responsible for monitoring compliance with the respective data protection requirements. As necessary, they draw up additional local data privacy policies and serve as the interface to Hannover Re's Data Protection Officer in Germany.

The Data Protection Officer coordinates overarching aspects of the installed data privacy management system within the Hannover Re Group. He gives advice on how to resolve specific data privacy issues and monitors compliance with the EU General Data Protection Regulation and other data protection standards.

In this connection, the monitoring of data privacy requirements takes place in close coordination with Group Auditing in its role as the third line of defence.

The findings of the separate reporting on data protection are integrated into the annual compliance report. No complaints were received about privacy breaches affecting personal data or the loss of such data during the period under review. There was therefore no requirement to fulfil the duty to notify data breaches pursuant to Articles 33 and 34 of the GDPR.

Training activities on data protection topics are held regularly by our employees in various forms, including Web-based learning and face-to-face sessions. The latest information on these issues is also made available on a regular basis through our internal company media.

Further information about data protection at Hannover Re as well as our data privacy statement can be accessed on our website.

Sanctions

103-2

Observance of applicable sanctions regulations plays a central role for us on account of our international orientation and worldwide activities. Our Code of Conduct and Underwriting Guidelines stress the obligation to comply with relevant sanctions provisions. In addition, a Sanctions Screening Guideline is in place, stipulating when members of staff must perform sanctions screening with respect to the initiation of contracts and/or the payment of claims. A software-supported check is made to continuously verify whether the company's data inventories include the names of natural and legal persons who are subject to sanctions and hence with whom no business may be transacted. Above and beyond this, each working day staff in Group Legal Services check the Official Journal of the European Union for changes in sanctions law on the EU level and advise the affected departments of relevant changes without delay.

The compliance training given to new members of staff also includes basic instruction in sanctions law. New underwriters and claims managers receive additional training in the use of the screening software as well as in the scenarios in which a sanctions check must be made. Further training activities are offered as needed and on an individual basis for affected departments.

Tax framework

103-2

As a globally operating reinsurance undertaking, we are subject to the tax laws of the respective national jurisdictions. We pay the incurred taxes according to the applicable legal provisions of the countries in which we operate.

Within our Group-wide Tax Compliance Management System (Tax-CMS), our task areas, processes, and responsibilities in relation to taxes are specified in the context of Group taxation and organisational policies. Our Group Tax Guideline defines our major principles of cooperation in matters of taxation. The entire Executive Board is responsible for this and collectively monitors its implementation. The regular verification of Group-wide compliance is the responsibility of Group Auditing. In addition, we have developed a Tax Strategy in accordance with the Group strategy and published this on our website.

The tax expenditure of the Hannover Re Group recognised in the IFRS consolidated financial statement for the year under review was EUR 19.8 million higher than in the previous year at EUR 392.7 million (previous year: EUR 372.9 million). The effective tax rate amounted to 22.2% (previous year: 24.6%). Despite the increased pre-tax profit compared to the previous year, this can be attributed principally to considerable tax-ex-

empt earnings booked from the disposal of investments in 2019. A breakdown of domestic and foreign taxes on income is provided in our Group Annual Report 2019 from page 249 onwards.

Information security and cyber security

103-2, 103-3

Cyber attacks and the loss of sensitive information can entail considerable financial losses and also reputational risks. In our highly networked world, protecting information and defending against cyber attacks have therefore taken on growing importance in recent years.

Hannover Re similarly protects itself against attacks of this nature and has implemented appropriate functions and security mechanisms. The core strategic element is our "Information Security Policy", which is valid for all locations worldwide. In combination with specific guidelines and standards, the policy regulates all technical and organisational measures incl. awareness in relation to the confidentiality, integrity and availability of information assets. It has been tightly integrated into the risk management system and is reflected in the IT processes.

The Information Security Management System (ISMS) is closely aligned with international standards, primarily ISO 27001, and is in conformity with other management systems such as those for data protection and IT risk management.

The Executive Board bears overall responsibility for information security. The Information Risk and Security Committee (IRSC) evaluates and monitors the relevant risks and manages any conflicts of interest that may arise in relation to information/IT security. The Chief Information Security Officer (CISO), as the principal process owner, is responsible for the planning, implementation and ongoing refinement of the ISMS as well as the coordination of the associated functions within the Hannover Re Group. He is supported by members of staff with local responsibility. In addition, he bears Group-wide responsibility for the performance of appropriate controls. The CISO works closely with the Information Risk Management (IRM) team and the Compliance unit. Both the CISO and the other two units form part of the second line of defence. Furthermore, it is incumbent on each individual employee to respect the relevant guidelines and directions. All employees undergo regular awareness-raising and training in this regard. The regular review of Group-wide compliance is handled by Group Auditing in its role as the third line of defence.

In addition to protecting our own information as well as that which is entrusted to us, we also offer our clients reinsurance for cyber risks. These include risks connected with electronic systems and associated data. In this case, too, cyber attacks can pose a serious threat to private or public life, especially if critical infrastructures – e.g. in the areas of healthcare, transportation or energy – are affected. They can give rise to protracted supply shortages or jeopardise public security. At the same time, what this means for us – as a reinsurer – is that we must carefully assess the assumed, highly dynamic risks. Overall, Hannover Re continued to improve the evaluation of cyber risks in its internal model in 2019. In this way, the management of risks was further optimised – both for the direct cyber portfolio and for potential losses connected with cyber that are incurred from non-specific risks under other covers (known as “silent cyber exposures”). This enables us to adequately evaluate and manage such risks while at the same time making it possible to offer vital insurance coverage and act on suitable business opportunities for ourselves.

The issues of information security and cyber security as well as the associated risks on the underwriting side are explored by our working group for emerging risks, which also serves as a centre of competence.

With an eye to promoting a knowledge transfer in relation to our own (operational) risks in connection with cyber, we participate in various cooperative projects undertaken by our industry and engage in a regular dialogue with advocacy groups such as the Bundesverband der IT- Anwender e.V. in the context of the Cyber Security Competence Center.

Stakeholder dialogue

103-1, 102-42, 102-43

The trust of our stakeholders and an immaculate reputation support the success of our company. With this in mind, we consistently make every effort to cultivate an active dialogue with our stakeholders. These include, most notably, clients, brokers, capital market participants, ESG rating agencies, non-governmental organisations, professional associations, regulators and the public sector. An intensive exchange of views enables us to obtain direct insights into the needs and expectations of our stakeholders, identify risks and opportunities at an early stage and determine appropriate measures on this basis as necessary.

In the context of our materiality process, we identified the issue of stakeholder dialogue as a material topic.

Dialogue formats

103-1, 103-2

We cultivate the ongoing dialogue in a variety of ways. Through conferences, roadshows and one-to-one meetings, for example, we stay in contact with representatives of the capital market on a range of subjects – increasingly including ESG issues as well. In addition, analysts and institutional investors make the most of our annual Investors’ Day to engage in an intensive exchange with management. Our employees stay in direct personal contact with our worldwide clients.

We similarly maintain an ongoing dialogue with political decision-makers, supervisory authorities and insurance industry associations – mostly in relation to topical issues in insurance supervision and financial market regulation in Germany, the European Union and on the wider international level.

Furthermore, we take part in various initiatives that address the financial costs of natural disasters in developing and emerging countries due to underinsurance. To this end, we engage in an exchange with state actors such as the Federal Ministry for Economic Cooperation and Development and we work with the German Corporation for International Cooperation (GIZ), Kreditanstalt für Wiederaufbau (KfW) and the World Bank. In addition, we participate in the Munich Climate Insurance Initiative (MCII) and we are a member of the Insurance Development Forum, the CRO Forum and the “Extreme Events and Climate Risks” working group of the Geneva Association.

We are in contact with various environmental, social and governance (ESG) rating agencies regarding sustainability issues and we participate in their sometimes very comprehensive rating processes on a regular basis. In so doing, we seek to ensure that the rating agencies are optimally placed to reach their evaluations based on robust information and in some areas additional data provided confidentially. At the same time, the questions and comments in the rating surveys give us important pointers for potential new topics or room for improvement.

Since 2014, we have been listed in the FTSE4Good, a worldwide index series geared to sustainability ratings according to ESG criteria. Additionally, we were included in the Global Challenges Index for the first time in 2017 and are listed in major STOXX indices. In March 2020, Hannover Re was also included in the newly created sustainability index of Deutsche Börse, the DAX50 ESG.

Our “Prime” status was once again confirmed by the rating agency ISS ESG in the 2019 reporting year, thereby qualifying us as a sustainable investment. In March 2020, Sustainalytics rated us as a “low ESG risk” and ranked us second among 16 reinsurers.

We were also evaluated by Vigeo Eiris, MSCI and ISS Governance and we participated in various other scoring processes and surveys. Similarly, we again took part in the survey conducted by the Carbon Disclosure Project (CDP).

In the interests of transparent communication with our stakeholders, we have set ourselves the goal of expanding our reporting on sustainability issues. With the compilation of the present sustainability report, we already provide annual voluntary reporting on our achievements as a responsible enterprise. In so doing, we are guided by the currently applicable and internationally recognised standards of the Global Reporting Initiative (GRI) and by the transparency requirements of ESG rating agencies. In addition, since 2018, we have published annually our fact sheet on sustainability covering our major sustainability efforts at a glance.

In March 2020, we published our “Combined non-financial information statement” for the third time as part of our Group Annual Report 2019. This is drawn up in accordance with §§ 315c in conjunction with 289c to 289e Commercial Code (HGB). The statement contains information on key employee, social and environmental matters as well as on respect for human rights and fighting corruption and bribery. The non-financial information statement was again audited with limited assurance in the year under review by an independent auditing firm in accordance with the audit standard ISAE 3000 (Revised).

Advocacy groups and memberships

102-12, 102-13

We are a member of numerous regional, national and global associations, advocacy groups and organisations. Our employees participate in working groups on various topics and contribute their specialist expertise to relevant discussions on a range of subjects, including sustainability issues.

On the international level, we were a cosignatory to the Geneva Association’s “Climate Risk Statement” in 2009. Together with the CEOs of a further 65 of the world’s leading insurance undertakings, our Chief Executive Officer reaffirmed his support for this declaration – originally dating from 2009 – in May 2014. The guiding principles set out here describe how the insurance industry intends to play its part in global efforts to tackle climate-related risks. These include activities in the areas of product innovation, climate research, and investment. We are also represented on the “Climate Change and Emerging Environmental Topics Working Group” of the Geneva Association.

Furthermore, we are an active member of various working groups of the Insurance Development Forum (IDF). The IDF is a public-private partnership led by the insurance industry and supported by international organisations. The IDF’s mission is to strengthen resilience and risk protection in regions that are especially vulnerable to natural disasters through insurance solutions and risk management.

In addition, we are a member of the Reinsurance Advisory Board (RAB), which has been included in the EU Transparency Register since July 2015. We chair this body on a rotating basis, most recently in the years 2011 to 2013 and 2017 to 2019, and will take on this role again in May 2022.

The following list shows a selection of the most significant bodies and partnerships to which our company belongs:

- American Council of Life Insurers (www.acli.com)
- Chief Risk Officer Forum (www.thecroforum.org)
- European Insurance Chief Financial Officer Forum (www.cfoforum.eu)
- German Insurance Association (www.gdv.de)
- Geneva Association (www.genevaassociation.org)
- Global Earthquake Model (www.globalquakemodel.org)
- Global Reinsurance Forum (www.grf.info)
- Insurance Association of China (www.iachina.cn)
- Insurance Development Forum (www.insdevforum.org)
- Insurance Ireland (www.insuranceireland.eu)
- International Insurance Society (www.internationalinsurance.org)
- International Underwriting Association of London (www.iaa.co.uk)
- OASIS (www.oasislmf.org)
- Reinsurance Advisory Board of the Insurance Europe federation (www.insuranceeurope.eu)
- South African Insurance Association (www.saia.co.za)
- VOICE Bundesverband der IT-Anwender e.V. (www.voice-ev.org)
- Gesellschaft für Datenschutz und Datensicherheit e.V. (www.gdd.de)



Product Responsibility

Supporting transformation



In property and casualty reinsurance we support the expansion of renewable energy sources ranging from wind energy (both onshore and offshore) through photovoltaic to geothermal power. At the same time, we play our part in minimising adverse impacts. In April 2019, we took a conscious decision with respect to stand-alone risks that – without exception – we will no longer provide reinsurance coverage for any planned new coal-fired power plants or thermal coal mines. Furthermore, we are aiming for a phased exit such that by the year 2038 we no longer cover any coal-based risks in connection with mining or power generation in our entire property and casualty reinsurance portfolio.





Product Responsibility

Risk assessment and risk expertise

102-15, 103-1, 103-2, 103-3, 201-2, own disclosure

As an internationally operating reinsurance company, we purposely enter into a broad variety of risks as part of our business activities. Our commercial success is therefore dependent in part on the correct assessment of present and emerging risks.

The process of evaluating risks is growing in complexity. In addition to constant monitoring and analysis of existing risks, consideration must be given to new and emerging risks, trends and future-related factors. Risks connected with environmental, social and governance (ESG) issues are also playing a greater role here.

In some instances existing and emerging risks have direct strategic and operational relevance to our reinsurance products and the management of our investments. Through our analysis we also gain valuable insights for the management of our own risks. Similarly, we use this knowledge as a basis for identifying product and service innovations and constantly adjusting our actions to societal changes and the needs of our clients. Not only does this enhance our competitiveness, it also boosts trust in our company among our customers and business partners.

In the context of our materiality process, we defined risk expertise and risk assessment as material issues.

As a general principle, every identified risk that is considered to be material is evaluated quantitatively. Only risk types for which quantitative risk measurement is currently not possible or scarcely practicable are qualitatively evaluated, for example by means of expert assessments. Such risks include emerging and strategic risks as well as reputational risks.

Emerging risks

In the area of other risks we pay particular attention to emerging risks, which have direct implications for our treaty portfolio in both property & casualty and life & health reinsurance, not only in terms of the risks they may entail for the future (e.g. questions of liability) but also in the form of opportunities, such as increased demand for reinsurance products. The hallmark of such risks is that their content cannot as yet be reliably assessed. It is vital to detect and evaluate these risks at an early stage.

A separate working group of specialists spanning divisions and lines of business is therefore deployed and its linkage to risk management is ensured. The members of the working group on "Emerging Risks and Scientific Affairs" analyse, for example, potential risks associated with climate change. Global warming, for instance, affects not only natural perils, but also human health (e.g. the pandemic risk), the world economy, the agricultural sector (food availability and food security) and much more besides. Further examples of emerging risks include technology risks, breakdown of critical infrastructures, shortage of resources, antibiotic resistance and supply chain risks. On these and other topics the working group formulates internal position papers and risk briefings containing recommendations for their handling in reinsurance practice.

With a view to supporting this process of identifying measures, we have set up a committee that assists with the coordination and implementation of recommendations on emerging risks. In this way, we ensure that the recommendations of the working group are factored into underwriting decisions and the design of our products and services.

Within the working group, the trend radar continuously tracks long-term and mega-trends and explores whether the latest trends, such as the sharing economy or the low carbon economy, may also give rise to emerging risks. The insights and risk assessments of the working group are utilised Group-wide in order to determine any measures that may be needed.

In addition, the evaluation results are integrated into the quarterly internal risk reports, which serve to keep the Executive Board – among others – updated on material risk assessments.

In property and casualty reinsurance we make a distinction for risk assessment purposes between risks that result from business operations of past years (reserve risk) and those stemming from activities in the current or future years (price / premium risk). The reserve and catastrophe risks within the underwriting risks are of considerable relevance in this regard. Licensed and proprietary scientific simulation models, refined by drawing on the experience of our own specialist departments, are used to optimally assess and calculate material catastrophe risks from natural hazards (especially earthquake, windstorm and flood). Furthermore, we establish the risk to our portfolio from various scenarios in the form of probability distributions. The monitoring of the risks resulting from natural hazards is rounded out by realistic extreme scenarios.

Biometric risks, i.e. mortality, morbidity and longevity, are among the material factors that need to be assessed in life and health reinsurance. The task is to evaluate and quantify probabilities in relation to mortality, life expectancy, morbidity and occupational disability. In addition, the lapse risk is a not insignificant variable because the cash flows resulting from reinsurance treaties are in part dependent on lapse rates among policyholders. Social and environmental risks are considered primarily in the context of our reputational risks under "Other risks" in both property & casualty and life & health reinsurance.

Along with our internal research activities, we also cultivate an ongoing dialogue with universities, reinsurers, clients, political actors and industry associations and we attend a number of different conferences. Furthermore, our goal is to offer individual customer care and to assist our clients successfully not only through pure risk transfer but also with our range of services. Thus, for example, we offer our customers services and system-based applications to identify and successfully manage potential risks. All in all, we remain focused on the needs of our customers in all our activities – while acting in conformity with our corporate objectives. We aspire to be an enduring and expert partner in every situation.

Climate change

Climate change, defined as naturally occurring or human-caused climatic changes, and the associated effects are considered a key megatrend of our time and already pose a significant risk today. The implications for the (re)insurance industry – in common with many sectors – are wide-ranging. In the context of the upcoming strategy cycle 2021–2023, Hannover Re has identified climate change as a material topic.

When it comes to the assessment of risks, climate change brings a variety of challenges. Recognition of a correlation between CO₂ emissions and the warming of the earth's atmosphere / increased moisture in the atmosphere is now supported by scientific evidence. The scenarios that can result from these impacts are, however, subject to elements of uncertainty; for example, in relation to regional specificities or the anticipated frequency of natural disasters or local extreme weather conditions, and indeed bearing in mind that the goals of the Paris Agreement to reduce global warming have still to be realised. In general terms, climate change exacerbates the uncertainty surrounding the occurrence of physical (e.g. caused by floods, regional droughts and extreme weather events) or transitory (e.g. due to changes in legislation) risks, which can materialise suddenly at any time with far-reaching consequences.

Given the multifaceted nature of the topic and its increasing relevance going forward, we cooperate closely with scientists in the fields of climatology, meteorology, geography and hydrology as part of the process of evaluating and quantifying risks. Our interdisciplinary team for natural catastrophe modelling factors the insights gained into the pricing of reinsurance solutions and our risk management. For risk management purposes we elaborate deterministic climate change scenarios that are intended to assess the possible implications of climate change for all our commercial activities and initiate suitable measures for steering the business. Furthermore, in order to assess the risks posed by climate change to the best of our ability, we conduct internal studies and tackle the issue in international working groups.

We add to our knowledge through our participation in a number of working groups.

Our activities in relation to risk expertise and risk assessment can be clustered into the thematic areas of climate change, exchange and dialogue, digitalisation and innovation, as well as demographic change.

Our activities in the area of climate change

- Through our active involvement in the Geneva Association working group on “Climate Change and Emerging Environmental Topics” we raise awareness of the considerable potential for losses caused by natural perils and climate change around the world. Studies, position reports and targeted decision papers are prepared that are designed to enable various stakeholders on the highest level to efficiently obtain an overview of the facts of the matter, the status of research into individual topics and the role of the (re)insurance industry in problem solving. Measures taken by the United Nations, governments and those with local responsibility to minimise the potential impacts of extreme events and climate change on populations are encouraged and their effectiveness is evaluated. Through innovative reinsurance solutions we seek to provide financial relief for the consequences of residual risks remaining after actions have been taken.
- We are a partner on the project “Promoting Resilient Communities”. The partners plan to cooperate with the “Insu-Resilience Solutions Fund” with the aim of developing insurance solutions targeting extreme weather events so as to close the protection gap in selected pilot regions.
- As a member of the International Insurance Law Association (AIDA), we also regularly share insights with insurers and reinsurers in the “Climate Change” working group on coverage concepts and on loss events that may be attributable to climate change.
- In cooperation with universities, research institutes and government organisations we have built up an extensive knowledge base for the assessment of climate risks. This digital library already encompasses more than 500 scientific publications and is continuously expanded. Among other things, the papers explore the influence of rising temperatures on natural disasters and the correlation between natural catastrophe events across different regions.

Our activities in the area of exchange and dialogue

- In the context of the Chief Risk Officer (CRO) Forum we contribute to the development and sharing of best practices in risk management.
- In the field of natural hazards research we cooperate with universities and research institutions and provide financial assistance to appropriate initiatives and research projects. For example, we are a long-time supporter of the Geo Research Center in Potsdam and the Global Earthquake Model (GEM) Foundation. The GEM Foundation’s mission is to improve public understanding and awareness of earthquake risks by developing a global stochastic earthquake model. Efforts to promote cooperation in worldwide earthquake research and establish consistent standards have proven successful. The “Open Quake” model, which is now available for free online, is establishing itself as a platform used by the scientific community, governments as well as commercial and private users worldwide. The improved transparency about the risk situation in countries and cities around the globe makes it possible to objectively evaluate and mitigate the impacts of earthquakes on the population and on concentrations of values.
- Hannover Re is actively involved in various market initiatives and oversight bodies focused on assessing the risks from natural perils. We are represented on the CAT workstream of the European Insurance and Occupational Pensions Authority (EIOPA) and thus belong to the group of experts elaborating the future standards to be observed by all companies in the field of risk management for natural perils and climate change. We are a member of the Risk Management Steering Group of the Insurance Development Forum (IDF), which will ensure the interoperability of the various simulation models for natural perils by developing uniform data standards for the exchange of data between insurers and reinsurers. In addition, we are a community member supporting the Open Loss Modelling Framework (OASIS). OASIS has developed an open source simulation engine and a financial software component that are intended to enable scientists to efficiently provide proprietary natural hazards models for the insurance industry without having to spend too much time grappling with the technical requirements for using the models and the technical needs of the industry. Through our participation in various initiatives we cultivate a dialogue with a number of globally active risk managers. This dialogue encompasses, among others, universities, other reinsurers, clients, political actors and industry associations such as the German Insurance Association (GDV).
- In the life and health reinsurance business group we have expert networks covering a variety of topics, including biometric research, financial solutions, longevity, R&D technology, automated underwriting systems as well as medical underwriting and risk assessment. The networks are made up of experts from across our global infrastructure spanning subsidiaries, branches and the Hannover location.

Our activities in the area of digitalisation and innovation

- With our modular automated systems we facilitate quick and expert underwriting directly at the point of sale (e.g. over the counter at banks, during a telephone interview or online). Our so-called underwriting workbench was already implemented successfully at the first customer last year. In addition, we are currently working on a version for health business as well as a claims module in order to expand our range of modular automated systems.
- In 2017, we joined other insurers and reinsurers participating in the B3i (Blockchain Insurance Industry Initiative) project to examine the potential benefits of distributed ledger technology for the insurance industry. Since it was first launched in October 2016, the initiative has enjoyed considerable acclaim that extends beyond the insurance sector. The focus of the pilot project is on executing transactions between member companies that are based on reinsurance treaties. Further solutions based on blockchain technology are now being created in Europe and overseas. We are testing these applications, which provide answers to other special problems existing between insurance undertakings, with considerable interest. If blockchain technology proves its worth, it may lead to fundamental changes in the industry. After all, the joint, transparent capture of contract-related information will boost efficiency in communication and accelerate workflows. This will enable insurers to optimise their business processes and offer insurance customers even better service.
- In the field of functional disability insurance, E+S Rück supports its clients with the underwriting software “es | meR-iT”, thereby making it possible to offer individuals with pre-existing medical conditions coverage for accident and other disability risks by means of risk-specific adjustments to the policy wordings.
- By cooperating with insurtechs we are able to offer our clients solutions for refining digital sales processes and enhancing customer retention. Partnerships of this type enable us, among other things, to help our clients address social groups that are particularly tech-savvy and attach considerable importance to a healthy lifestyle. It has become virtually impossible to reach such groups via traditional life insurance industry sales channels and we therefore take an active part in advances in digitalisation and automation.
- Cyber insurance is another issue of growing significance in Germany. In 2018, we continued to expand our services and pricing models in order to cater to the rising demand for these covers. In addition, we partnered with FinLeap, a fintech incubator, to create Perseus. Perseus offers SMEs a platform for insurance protection and IT solutions in connection with cyber risks. We booked selective growth in the area of cyber covers; growing demand here was driven by a number of loss events and by regulatory changes. We tackle our own cyber risk with a high level of IT security, employee awareness campaigns and various other measures and controls, thereby ensuring a corresponding degree of resilience.
- Our electronic underwriting manual “hr | Ascent” – which gives our customers comprehensive support for individual risk assessment – is continuously revised and enhanced so as to ensure that we can map the latest market developments at all times.
- Our subsidiary E+S Rück offers its clients a range of simulation models for analysis of the natural perils risks of flood, hail and earthquake – “es | bebt”, “es | hagelt” and “es | flutet” – with a view to pinpointing potential risks. Similar tools have been developed to assess and underwrite accident risks (“es | unfallt”).
- E+S Rück works with various cooperation partners. The rehab service provider RehaAssist, for example, supports severely injured policyholders so as to enable them to recover as comprehensively and quickly as possible. Another cooperation partner is the Malteser aid agency, which helps insurance customers who have been injured in an accident to reintegrate into daily life by providing a range of assistance services.

Our activities in the area of demographic change

- We are a member of the Genova Association working group on “Global Ageing” and in this context engage with issues of demographic change.
 - Awareness of the consistent increase in life expectancy, coupled with more rigorous risk management and reporting requirements, means that reinsurance solutions for the transfer of longevity risks are set to take on even greater importance over the coming years. We are one of the leading providers in the market for longevity solutions. Equipped with our profound expertise on the longevity market, we have successfully supported our clients since 1995 with the development of tailor-made solutions for the coverage of longevity risks.
 - Medical newsletter: Our regularly published newsletter “ReCent Medical News” is aimed at claim assessors, underwriters and all other interested readers around the world. “ReCent” casts light on topical issues relevant to medical underwriting and provides insights into the latest medical research findings, case studies and innovative underwriting methods.
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Sustainable insurance solutions

103-1 , 103-2 , 103-3 , FS 14

As an internationally operating reinsurer, we transact all lines of property & casualty and life & health reinsurance worldwide. Our products and services help to ensure that risks to society and the environment can be adequately insured and that adverse effects in the event of loss or damage can be rectified or mitigated. At its very heart, the business of insurance involves cushioning the burden caused by loss events and providing financial protection for companies and private individuals alike through the transfer and spreading of risks.

In the context of our materiality process, we identified the issue of sustainable insurance solutions as material.

As a reinsurer, i. e. a provider of business-to-business services, with few exceptions we have no direct contact with end consumers. Through our range of products we nevertheless help many people to access insurance protection. Indeed, it is frequently only thanks to internationally operating reinsurers that primary insurers are even in a position to cover large portfolios and sizeable individual risks or those associated with natural perils. We thus help to boost insurance density not only in mature markets but also in emerging and developing countries, and we contribute to social and financial inclusion. Furthermore, we assist both established and young insurance companies with the cost-intensive acquisition of new business and with their efforts to increase insurance density.

Protection gap – Natural Disaster Fund

In December 2019, at the UN Climate Change Conference in Madrid, Hannover Re announced the creation of the Natural Disaster Fund (NDF) Deutschland in partnership with the Federal Ministry of Economic Cooperation and Development, Global Parametrics – as a provider of parametric covers against climate risks in emerging and developing countries – and Kreditanstalt für Wiederaufbau.

The NDF makes targeted investments in risk transfer instruments exclusively for natural disasters and climate risks in developing countries – in regions that are disproportionately impacted by extreme weather events and in which impoverished and vulnerable people often find themselves facing a protection gap. While some 50 percent of catastrophic losses are insured in high-income countries, the corresponding figure in poorer countries is often less than five percent.

Hannover Re has committed USD 50 million in the form of additional capacity and is thereby helping to mitigate the effects of climate-related disasters on the economy and local communities, break cycles of poverty, foster resilience and support economic development.

In property and casualty reinsurance we support the increased use of renewable energy sources, ranging from wind power generated both onshore and offshore to photovoltaic and geothermal energy. Insurance protection begins with plant construction and accompanies the customer through many years of operation. Furthermore, we encourage the expansion of products in response to climate change, such as weather insurance and coverage for energy-saving warranties, and by delivering insurance solutions in areas such as microinsurance and agricultural risks we also play a part in the societal development of more structurally deprived regions. In this way, we enable people with scant financial means to protect themselves against fundamental risks such as the impacts of natural disasters, crop failures or illness. We are also taking an active part in the development of index-based disaster finance concepts that guarantee rapid financial assistance for countries in South America and Asia in the event of natural disasters

At the same time, we play our part in minimising adverse impacts. Our underwriting guidelines are revised regularly to reflect the latest developments. In April 2019, we took a conscious decision with respect to stand-alone risks to no longer provide reinsurance coverage for any planned new coal-fired power plants or thermal coal mines. With effect from February 2020, we also no longer accept any new stand-alone risks in our facultative division for companies that hold more than 20% of their oil reserves in oil sands.

Furthermore, we are aiming for a phased exit such that by the year 2038 we no longer cover any coal-based risks in connection with mining or power generation in our entire property and casualty reinsurance portfolio.

In life and health reinsurance we support our primary insurance partners with our worldwide expertise and power of innovation by developing, launching and delivering reinsurance solutions. Our product range extends from traditional life insurance through solutions for critical illness and disability to coverage for long-term care. The increasing popularity enjoyed by reinsurance solutions in the longevity sector (e.g. annuity products) can be attributed above all to the shift in demographics. Furthermore, we are seeing a growing need for so-called lifestyle products, which primarily involve insurance products for which the premium is linked to the insured's healthy lifestyle (e.g. fitness and nutritional habits). Many of these solutions are geared to special requirements of end consumers and to target groups who have not so far been adequately covered by existing standardised products on account of specific needs or challenges.

In this way, we help to close protection gaps on a lasting basis. One example of such a solution is our "enhanced annuities" product. An annuity is a regular, lifelong payment. The concept of enhanced annuities is aimed specifically at individuals with pre-existing conditions that result in a shortened life expectancy. As a result, on the one hand, such persons will probably receive payments for a shorter period of time, while at the same time they often have a greater need for financial resources during their lifetime due to their condition. Enhanced annuities thus provide for an annuity payment procedure that is tailored to the aforementioned needs. In other words, the annuitant receives a higher regular annuity over a shorter period of time.

In addition, we develop innovative annuity products that are tailor-made for the needs of our customers in different life situations. "Parents Pocket Money Protection" is a bespoke solution for countries in which parents are financially dependent on their children in the final phase of life. This product ensures that parents receive a lifelong income even after the death of their child.

We offer our longevity reinsurance solutions (for annuity products) not only in our mature core markets, but also in markets where good longevity protection is lacking. This is another way in which we help to fight poverty in old age.

It is frequently the case that the penetration of insurance products in emerging markets is still inadequate. The reasons often include products that are too expensive or complex, or customer groups that are sometimes difficult to reach. We counter this situation by working with start-up companies (such as health techs) in order to support our primary insurance partners in their efforts to offer suitably tailored insurance solutions for inadequately insured groups of individuals.

Protection gap – Agricultural insurance

Demand for the insurance and reinsurance of agricultural land and livestock continues to grow, driven especially by the steadily increasing global population and associated rising need for agricultural commodities and food as well as by the negative effects of climate change – e.g. in the form of extreme weather events.

Insuring agricultural production is particularly important for the development of poor regions in developing and emerging countries. In addition to protecting against variations in yield, a number of positive socio-economic factors play a role here. These include, among other things, the possibility for insured farmers to be able to invest more easily in agricultural and non-agricultural business sectors and hence contribute to stability in rural areas. Against this backdrop, for example, the InsuResilience initiative of the G7 nations launched at the instigation of the German federal government set itself the goal of offering insurance protection against climate risks to millions of especially poor and at-risk individuals in developing countries by the year 2020. In Europe, too, the unusually dry summer prompted discussions around the subject of crop insurance.

The increasing expansion of public-private partnerships presents new opportunities for our company to write profitable business in markets that have still to mature. We are already supporting selected projects, currently being conducted as part of this initiative that are intended to strengthen the resilience of various countries. The growing availability of new technologies, such as remote sensing by satellites, will enable us to further enlarge our scope of business through innovative and efficient insurance products. These include, for example, parametric covers under which the insurance benefit is dependent not on an actual loss but rather on an objectively measurable criterion (e.g. quantities of precipitation).

In 2020, we wrote premium in the mid-triple-digit millions (EUR) in the area of agricultural risks, with around half of the total amount coming from developing and emerging markets in South America, Asia and Africa.

Sustainability in asset management

103-1, 103-2, 103-3, FS 11

Aside from our direct impacts on society, we are able to play a positive part in sustainable development through our investing activities by pursuing an investment policy that avoids companies which do not satisfy our ethical expectations or environmental and social standards. In this way, we live up to our aspiration to be a responsible investor and at the same time make our contribution to sustainability in the finance industry. Investors, analysts and clients are also increasingly interested to see how we respect social sustainability concerns in the management of our investments.

As part of our materiality process, we identified the issue of sustainability in asset management as material and enshrined it in our Sustainability Strategy 2018-2020.

We flesh out the strategic orientation of our measures in greater detail in an internal strategy document in which we establish the focus and strategic initiatives for three-year cycles.

The focus and quality of our goals are similarly reviewed at least every three years as part of the company-wide strategy review. In addition, the annual review of planned and implemented measures forms part of the ongoing Performance Excellence process and reporting.

In accordance with our investment policy, we strive for stable, fair market returns in order to be able to meet our underwriting commitments and liquidity requirements at all times while preserving a balanced risk/return profile and broad diversification. Furthermore, we attach considerable importance to our sustainability approach by incorporating environmental, social and governance aspects (ESG criteria).

Since as long ago as 2011, we have been applying sustainability criteria in the investment sector; they are continuously refined and set out in writing in our “Responsible Investment Policy”. An ESG officer on the investment team ensures the development and application of ESG criteria and implementation of the investment policy. The investment team reports major findings of the screening process and the corresponding investment decisions directly to the Chief Financial Officer, and they are discussed and approved by the Investment Committee. Two members of the Executive Board sit on the Investment Committee.

Within our portfolio of assets under own management, the fixed-income securities (government and semi-government bonds, corporate bonds and covered bonds (with the exception of collateralised debt obligations (CDOs)) and listed equities have been subject to half-yearly negative screening since

2012. As at the reference date of 31 December 2019, these investment classes accounted for roughly 86% of our asset portfolio.

The ten principles of the United Nations Global Compact are a decisive factor in guiding our reviews. Companies that fail to respect human rights or are complicit in human rights abuses are in violation of fundamental principles of the United Nations. Instruments issued by such entities are ruled out for our investment purposes, as are issuers that disregard basic labour standards and environmental protection considerations. Lastly, exposures to companies that have been noted for their use of compulsory / child labour or their involvement in discrimination or corruption are also excluded.

The qualitative evaluation of our investments takes place in cooperation with an external service provider specialising in sustainable investing and encompasses additional individual ESG criteria that we subject to ongoing review: as to the criterion of “controversial weapons”, we rule out issuers who are involved in the development and proliferation of particularly cruel weapons. In the fossil fuels sector, the exclusion criterion applies to issuers who generate 25% or more of their turnover from coal mining, coal-based energy generation or oil sands extraction. In our review of government issuers the focus is on whether they are currently subject to sanctions imposed by the United Nations or the European Union.

Securities of issuers identified as “non-adequate” are actively scaled back. In addition, potential new investments are checked in advance to see whether the issuers violate the defined ESG criteria. Such exposure is rejected if this is found to be the case.

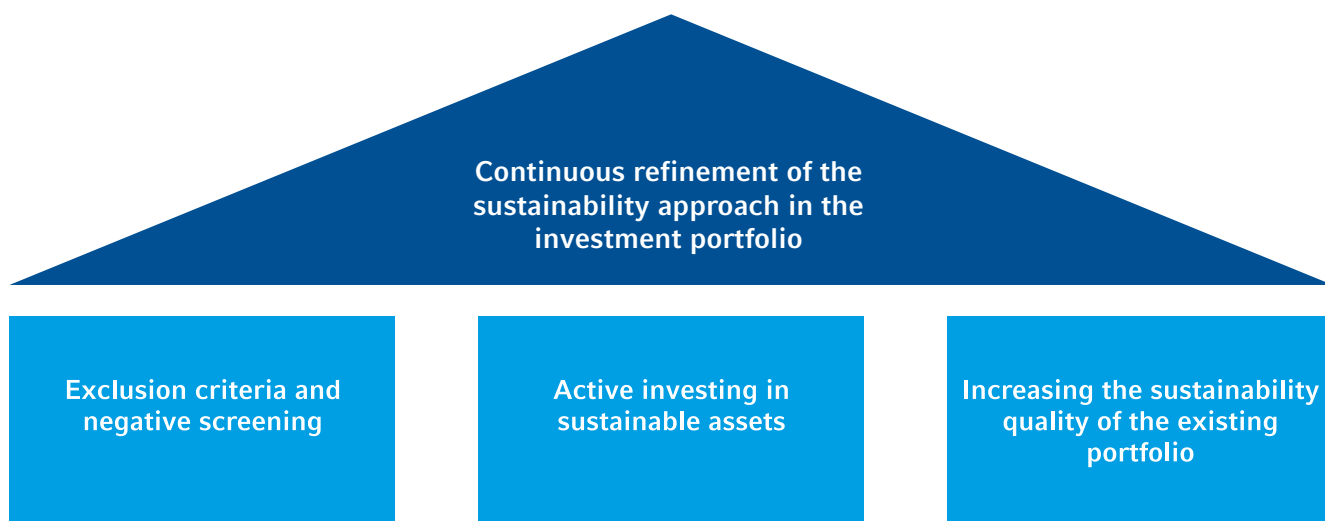
Somewhat more than just 10 percent of our total asset portfolio cannot be classified according to the aforementioned methodology. This includes, most notably, investments in real estate and private equity, which at the present time – given their nature or structure – can scarcely be measured reliably according to the ESG criteria that we use as a basis. In some instances, however, these assets also contribute to sustainable development; this is the case, for example, with real estate that has relevant certifications, sustainable products in the infrastructure sector or indeed impact investments.

The implementation of a best-in-class investment approach was also completed in the 2019 reporting year. By regularly measuring the sustainability quality of the existing portfolio, we will be able to structure the portfolio more sustainably going forward with a focus on corporate bonds and minimise ESG risks.

We are increasingly supplementing the aforementioned measures in the existing portfolio with active participations in sustainable investments. In 2019, for example, we created a new budget for investment in impact investment funds. The

primary objective here is to achieve appreciable improvements through the broadest possible coverage of the United Nations Sustainable Development Goals (SDGs), inter alia in the fields of food security and nutrition, education, health and well-being, ending poverty, climate action etc. In the course

of 2019, we already subscribed to six impact funds. In addition, we invest both through funds and directly in the infrastructure sector in renewable energy sources as well as in sustainable forest and agriculture funds.



By exercising our voting rights we are able to influence the conduct of business at listed companies. However, given that the proportion of listed equities in our asset portfolio is less than 1% of our total investments, the effect of engagement in this area is very limited relative to our overall investment universe. For this reason, we have not to date adopted any voting guidelines on environmental and social issues in connection with the sustainable orientation of our investments. Should the share of the portfolio attributable to listed equities increase significantly on a lasting basis, we shall revisit the topic of active ownership and potentially decide on further steps.

Customer orientation and satisfaction

103-1, 103-2, 103-3, own disclosure

It is crucial to our company's success that we are perceived by our customers as a preferred business partner. If we are to achieve this goal, we must offer prices commensurate with the risks, adequate capacities and a reliable value proposition. In order to respond quickly and flexibly to individual customer requirements, we emphasise flat hierarchies, direct decision-making channels and the importance of empowering underwriters with the appropriate authorities. Not only that, we encourage an active dialogue with our customers. By means of customer events, conferences that we hold on specific topics, seminars and business trips, we initiate knowledge

sharing on topical insurance issues and developments and we offer our clients the opportunity to give feedback on our products and services in face-to-face discussions. For our part, we then draw on this feedback so as to continuously optimise our activities.

In the context of our materiality process, we identified the issues of customer orientation and satisfaction as material.

In property and casualty reinsurance we cultivate contacts with our clients both directly and through reinsurance brokers by way of regular business trips or video conferences. Not only that, our employees attend trade fairs and specialist gatherings around the world and organise seminars for our clients on specific subjects.

Through information events such as the seminar series "Building Bridges" in property and casualty reinsurance we foster an exchange of ideas within the industry. In this context, every year since 2012, we have offered our international customers the multi-day seminar "Advanced Reinsurance Methods, Practices and Current Topics". Starting in 2016 we expanded our offering to include the topics "Credit, Surety and Political Risks".

Additionally, our subsidiary E+S Rück holds specialist conferences for its customers to share information on claims / risk management and to give presentations on topics such as compliance, sanctions, the reform of insurance supervision law associated with Solvency II and climate change.

Information events

In June 2019 our Shanghai Branch teamed up with the units Advanced Solutions Germany and Retrocessions & Capital Markets to organise a seminar on the theme of “Non-traditional reinsurance solutions” at this year’s industry event in Chengdu. We attracted a very large number of attendees at this generally very popular gathering.

In life and health reinsurance we have a direct local presence in most markets based on our decentralised approach and are thus able to engage with our clients quickly and flexibly. In addition to making business trips to visit individual clients, we also organise seminars – usually on specific topics – and training workshops in the markets where we operate so as to keep our customers informed about the latest issues and developments relating to life and health reinsurance as well as underwriting. In the form of the customer newsletter “ReCent Medical News” we have regularly published information since 2014 on medical and socioeconomic issues – including through social media such as LinkedIn. Further flyers on a broad spectrum of topics – ranging from automated underwriting to the very latest information – can be accessed through our website’s Media Centre in various languages (including Spanish, French, German, English, Chinese, Japanese and Italian).

Customer platform

As part of our strategy, we cooperate with insurtechs and other start-ups to jointly develop new approaches and solutions with our primary insurance customers. With a view to facilitating their access to innovative solutions we launched the innovation platform “hr | equarium” in February 2019. On the one hand, this enables our cedants to access a wide range of insurance-specific products and solutions. At the same time, insurtechs and other start-ups benefit from access to our global network of clients. At this stage we have brought together more than 1,100 users on the platform as well as some 100 solutions – ranging from a digital health platform through applications based on artificial intelligence and real-time flood models to a software protocol for data verification.

We conduct regular surveys to measure the satisfaction of our customers. In our business group of Life&Health reinsurance we cooperate with a market research agency that conducts an annual global survey of reinsurance clients with the participation of a number of reinsurers. While the findings inevitably leave some room for interpretation, they nevertheless provide us with extensive general insights into the market, our competitors and the needs of our customers. Furthermore, our involvement in the area of “Wellness / Fitness & (Re)Insurance” is increasingly viewed by customers in a positive light. The results also give us a profile of strengths and weaknesses and a glimpse into the customer’s perspective on the quality of our services. Particularly positive mention should be made here of our rapid response times and our direct approachability as well as the fact that we are consistently considered one of the “best-in-class” reinsurers in the segments “longevity” and “financial solutions in the United States”. We have similarly been able to reinforce the favourable perception of the Hannover Re brand in international markets on an enduring basis. Our customers value our partnership-based approach, our flexibility and power of innovation and the support we give them. The ongoing, wide-ranging dialogue that we cultivate with our customers plays a key part here.

Along with the global findings, we gain insights from detailed reports that cover specific subject areas, such as automated underwriting systems. For 2019 it is worth mentioning that our underwriting systems hr | ReFlex and hr | Quirc were among the mostly widely chosen underwriting systems among new installations.

In general terms, the survey findings give us input that enables us to gain insight into the various markets. Every market is different, and we are very well positioned thanks to our decentralised organisational structure with staff who speak

our customers' local language. Not only do we use the survey results to improve our understanding, they are also one of many components that enable us to align our activities with the interests and needs of our customers.

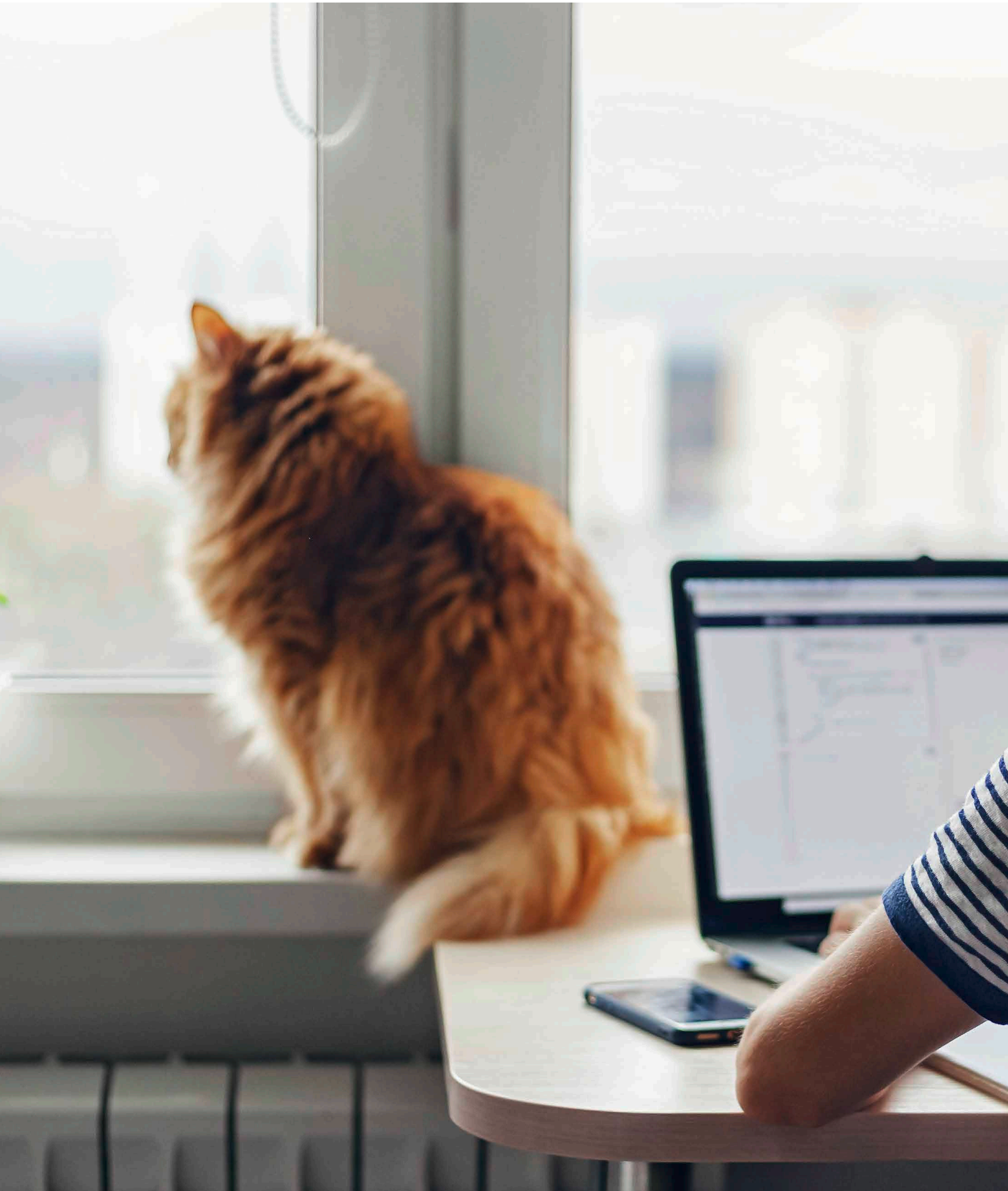
Awards received over the past five years

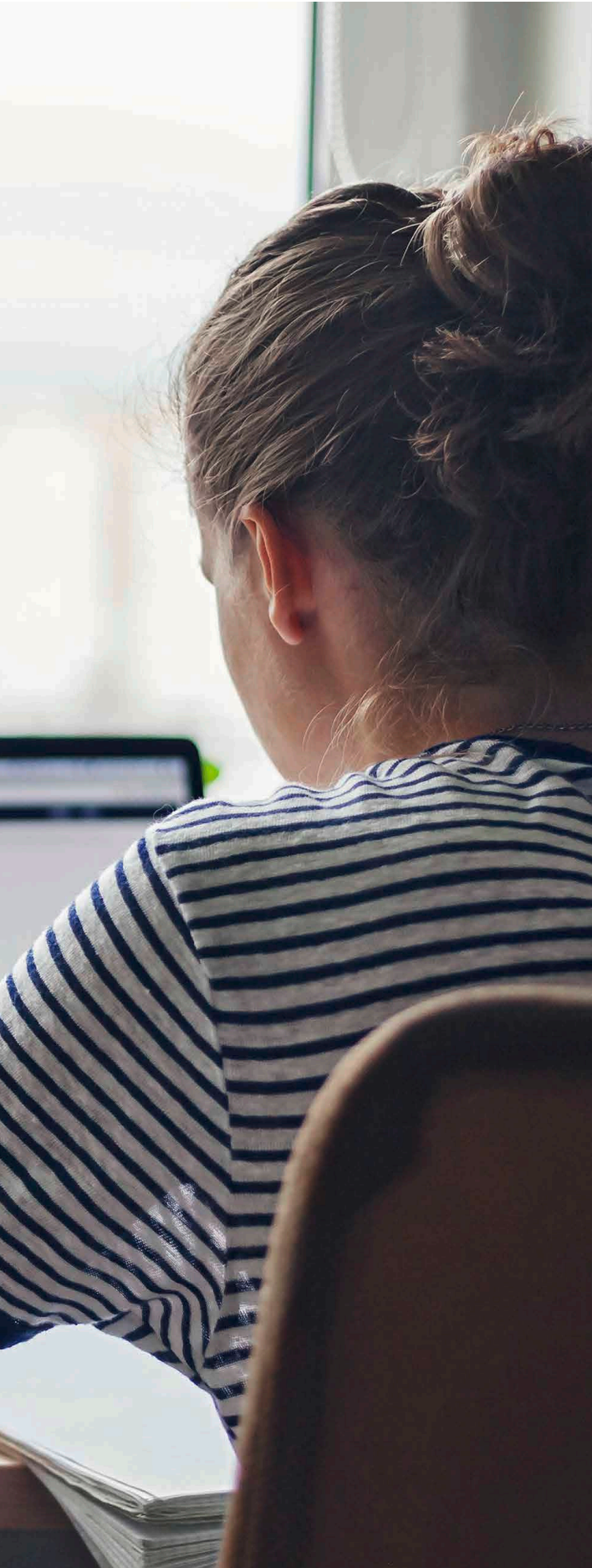
S 27

2019	Reinsurer of the Year – Latin America (Reactions)
2018	Property & Casualty Reinsurer of the Year – Australia (Insurance Asia News)
2017	ReTakaful Company of the Year (Middle East Insurance Industry Awards)
	Specialty Reinsurer of the Year (Reactions North America Awards)
2016	Reinsurer of the Year (Reactions London Market Awards)
	Reinsurance Team of the Year: Specialty Team (Reactions London Market Awards)
2015	Best Reinsurer for Client Responsiveness: GWP > \$2bn (Intelligent Insurer North America Awards)
	Best Reinsurer for Innovation: GWP > \$2bn (Intelligent Insurer North America Awards)
	Best Reinsurer for Expertise and Market Knowledge: GWP > \$2 bn (Intelligent Insurer North America Awards)
	Reinsurer of the Year (Reactions London Market Awards)
	Ulrich Wallin "Reinsurance CEO of the Year" (Reactions London Market Awards)
	Best Colombia Reinsurer (Reactions)

Unlike in the retail insurance sector, the reinsurance industry is not subject to statutory requirements to provide product or service information to its customers. On the contrary, in the context of taking out a reinsurance treaty it is normally the primary insurers that are required to provide detailed information to reinsurers about their business operations and the reinsured portfolio so that the reinsurer can accurately assess the risks. In the reporting period there were no incidents of non-compliance with our duties to provide information about products or services.

Nor were there any incidents of non-compliance with voluntary codes governing requirements to provide information. We do not conduct any advertising measures aimed at end customers in the sense of product marketing. Isolated marketing activities are carried out for the Hannover Re and E+S Rück brands, for example through image advertisements and information brochures about the company's orientation. Sales promotion takes place solely through individual contacts with clients.





Employees

New worlds of work

Demographic change, a shortage of skilled labour, digitalisation, work-life balance – human resources management in this day and age faces a wide range of challenges. Our employees are a crucial factor in the success of our company. Through our corporate culture, a high degree of decision-making freedom, flexible working conditions and attractive benefits we seek to be an employer of choice.

Employees

Our employees

103-1, 103-2, 103-3

Companies are much more than just abstract units of value creation, balance sheet ratios or building complexes. Rather, they are interconnected living organisms that are composed of numerous (equally interlinked) actors and engaged in a direct interaction and interplay with these actors and the wider environment. At the core of this philosophy are the employees with their own individual qualities, needs, ideals and goals. These all need to be reconciled, because when all is said and done: the success of any company is directly dependent on the successful work of its employees.

For its part, too, Hannover Re makes systematic efforts to support the professional development, personal growth and wellness of its staff, an approach that it enshrines in strategic principles governing human resources management.

Just like other companies, Hannover Re is currently facing a range of challenges. Issues such as demographic change, the rapid transformation of the working world as well as digitalisation and automation are increasingly shaping human resources management. For some time now, for example, the shortage of skilled workers has been worsening – along with the competition to recruit the best people. This goes hand-in-hand with the fact that employees base their decision to join an employer not only on purely monetary aspects but also on other factors including, for example, the company's reputation, the compatibility of professional and family life, the corporate culture and working climate, the availability of development opportunities and other fringe benefits.

In the context of our materiality process, we have identified topics in the areas of executive development and employee advancement, employee retention as well as diversity as material.

Employing successful staff over the long term is one of ten concentrations defined in our Group strategy. As part of our Sustainability Strategy 2018–2020 we have also defined goals and concrete measures in this regard, and we work tirelessly on their implementation.

We flesh out more concretely the strategic direction of our personnel activities in an internal strategy document, in which we establish the orientation and strategic initiatives of our human resources policy for three-year cycles. For the pe-

riod from 2018 to 2020 we are addressing, among other things, the aforementioned challenges as well as the potential-based development of our staff and managers and the timely filling of vacant positions with qualified candidates.

We similarly review the focus and quality of our targets at least every three years as part of the company-wide strategy review, thereby ensuring that the corporate strategy and employee retention mesh closely together. In addition, the annual review of planned and implemented measures forms part of our ongoing Performance Excellence process and reporting.

As a central interface function, Hannover Re's personnel management around the world is steered to a large extent from Hannover head office. The division reports directly to the Chief Executive Officer. Human Resources Management serves as an innovator and driver of a cooperative corporate culture, develops and rolls out tools tailored to the needs and potentials of staff and managers, helps to shape organisational and corporate development and fulfils the role of service provider for all traditional HR matters such as recruitment, employee support and personnel development.

Since 2020, Hannover Re has been a signatory to the United Nations Global Compact and it recognises the eight core labour standards of the International Labour Organization (ILO) for all its employees around the world.

Hannover Re employed a global workforce of 3,083 (previous year: 3,317) Group-wide at year-end 2019.

Hannover Re continued to grow its workforce in the period under review, as in the previous years. The reported decrease in the headcount is due to a change in the consolidated group resulting from the transfer of International Insurance Company of Hannover Ltd. (IICH SE) with altogether 206 staff and Svedea AB with 147 staff to HDI Global Specialty. In the year under review, therefore, as was also the case in past years, there were no compulsory redundancies.

Hannover Re draws on the available supply of temporary workers solely as a means of bridging short-term shortages. The proportion of temporary workers at the Hannover location was 0.91% as at the reference date of 31 December 2019. Given our activities as a B2B service provider in the financial sector, there are no temporary fluctuations in the number of staff such as those that may occur in connection with seasonal employment.

For a number of years now we have also participated in the Fair Company initiative, a campaign supported by the publications Handelsblatt and Wirtschaftswoche for the fair employment of interns. Our commitment embraces various fundamental principles, including for example not filling full-time positions with interns, volunteers, student employees or long-term temporary workers.

Our approach to dealing with Covid-19

On 11 March 2020, the World Health Organization officially declared Covid-19 a pandemic – and heralded the end of the working world as we knew it.

Even as the early cases in Europe were closing in, our interdisciplinary crisis management team had set about its work and since then – in close coordination with the Executive Board – it has put measures into practice and taken decisions.

We attach the highest priority to the safety and well-being of our employees. With a view to avoiding infections and slowing the spread of the virus as much as possible, technical capabilities and available capacities were put in place within a very short space of time to enable more than 3,000 employees around the globe at over 150 subsidiaries, branches and representative offices to work entirely from home – while maintaining an almost unchanged level of functional effectiveness. In so doing, we benefited from the fact that we had invested early on in good IT equipment, digitalised communication channels and a secure network infrastructure. Even before the pandemic hit, many of our staff at the Hannover location were already working from home on a regular basis or were familiar with this approach. All of this helped us to quickly adjust our business operations in crisis mode.

The unfolding pandemic and associated lockdown presented hitherto unknown challenges not only for our IT systems, but also for our entire workforce – whose uncertainties, concerns and needs manifested themselves in various forms.

In April we conducted a survey at our German location to learn what our employees thought about the measures taken, the new work environment and the efforts of the crisis management team. In addition, since the onset of the pandemic the crisis management team has already been providing the workforce around the world with detailed information, guidance and directions on a regular basis.

Yet Hannover Re has gone one step further. Everyone realised that employees with small children, in particular, were hit doubly hard by the loss of usual child-care options on top of the pervasive restrictions in public life. From the end of March onwards, therefore, Hannover Re fully refilled on an entirely voluntary basis any missing hours back up to the individual working time for all employees at the Hannover location with children under the age of 12, even if it was

not possible – or only partially possible – to work on account of the emergency situation. Not only that, steps were taken to bring even greater flexibility to the daily working hours so as to offer affected members of staff the best possible support.

Last but not least: together we are less alone, and against this backdrop our in-house social network experienced a colourful exchange under the hashtag #stayconnected on topics such as homemade masks and organising a home office as well as snapshots and much more besides.

All in all, these sudden and sweeping changes have underscored all too clearly just how vital it is, as a company, to be adaptable, prudent, protective and decisive – a challenge that we have mastered together.

Indicators

102-8

Breakdown of the workforce by region, gender, activity level and employment contract¹

S 28

Activity level and employment contract by region	2019				2018		
	Number of employees ²	+/- previous year	Men	Women	Number of employees ²	Men	Women
Number of employees	3,083	-234	1,435	1,648	3,317	1,558	1,759
Germany	1,396	-30	666	730	1,426	672	754
Europe excl. Germany	497	-205	267	230	702	385	317
United States	283	-10	148	135	293	151	142
South Africa	466	-13	135	331	479	139	340
Asia	253	20	130	123	233	116	117
Americas excl. USA	71	-	38	33	71	40	31
Australia	117	4	51	66	113	55	58
Full-time positions	2,663	-268	1,375	1,288	2,931	1,516	1,415
Germany	1,048	-56	619	429	1,104	638	466
Europe excl. Germany	448	-214	256	192	662	378	284
United States	282	-9	148	134	291	151	140
South Africa	458	-13	134	324	471	138	333
Asia	252	20	130	122	232	116	116
Americas excl. USA	68	-	37	31	68	40	28
Australia	107	4	51	56	103	55	48
Part-time positions	420	60	60	360	386	42	344
Germany	348	47	47	301	322	34	288
Europe excl. Germany	49	11	11	38	40	7	33
United States	1	-1	0	1	2	0	2
South Africa	8	-	1	7	8	1	7
Asia	1	-	0	1	1	0	1
Americas excl. USA	3	-	1	2	3	0	3
Australia	10	-	0	10	10	0	10
Permanent positions	2,901	-275	1,357	1,544	3,175	1,501	1,674
Germany	1,318	-29	636	682	1,347	642	705
Europe excl. Germany	461	-222	245	216	683	376	307
United States	282	-10	147	135	292	150	142
South Africa	458	-12	131	327	470	133	337
Asia	200	-1	111	89	201	106	95
Americas excl. USA	68	-2	36	32	70	39	31
Australia	114	2	51	63	112	55	57
Temporary positions	182	40	78	104	142	57	85
Germany	78	-1	30	48	79	30	49
Europe excl. Germany	36	17	22	14	19	9	10
United States	1	-	1	0	1	1	0
South Africa	8	-1	4	4	9	6	3
Asia	53	21	19	34	32	10	22
Americas excl. USA	3	2	2	1	1	1	0
Australia	3	2	0	3	1	0	1
Trainees	15	2	8	7	13	6	7

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

² The key personnel indicators are calculated according to headcount. In this context, we consider the consolidated group in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" on the basis of a consistent consolidation model for all companies that defines control without regard to whether it arises out of company law, contractual or economic circumstances. Group companies are consolidated with effect from the date on which Hannover Re gains control over them. The total number of employees also includes trainees at the Hannover location.

Co-determination and involvement of employees

402-1

Hannover Re is an internationally operating company. For us, it goes without saying that we respect relevant laws and rules as the legal foundation of our business activities in all the countries where we operate. At our location in Germany, where we employ 45.3% of our worldwide workforce, this means all individual and collective laws, regulations and directives. At the Hannover location, for example, the following apply to all employees and executives: Works Constitution Act (BetrVG), Safety and Health at Work Act (ArbSchG), Occupational Safety Act (ASiG), Youth Employment Protection Act (JArbSchG), Maternity Protection Act (MuSchG), Working Time Act (ArbZG), Continued Payment of Wages Act (EntgFG), General Act on Equal Treatment (AGG), Act on Part-Time Work and Fixed-Term Contracts (TzBfG), Federal Parental Allowance and Parental Leave Act (BEEG), Act on Long-term Carer's Leave (PflegeZG) and Family Caregiver Leave Act (FPfZG), Protection against Unfair Dismissal Act (KSchG), Federal Data Protection Act (BDSG), Federal Leave Act (BUrlG), Social Security Code (SGB) and other relevant legislation concerning working conditions as well as the Basic Law. The elaboration of workers' rights at the international locations is determined in each case by the applicable laws in the various countries. Other matters are additionally regulated by our Code of Conduct, which can be accessed on our website.

At Hannover Re, considerable importance is attached to in-house co-determination. All employees at the Hannover location are represented by the joint German Employee Council of Hannover Rück SE and E+S Rückversicherung AG. In accordance with the Works Constitution Act, the Employee Council has extensive rights of information, consultation and co-determination for matters that are clearly defined in law. Under the terms of the Works Constitution Act the Employee Council regularly convenes employee meetings. Participation is open to all employees of the company and counted as working time.

The employee-employer relationship for employees at the European locations is governed by the SE Employee Participation Act, the Articles of Association of Hannover Rück SE and the "Agreement on the Participation of Employees in Hannover Rück SE". The agreement applies to all employees of Hannover Re and its subsidiaries who are based within the European Union or the European Economic Area. All employees covered by the "Agreement on the Participation of Employees in Hannover Rück SE" are represented by the SE Employee Council. This has rights to be informed and to be heard.

Trade union representation at the German location is through ver.di. Employees at international locations are in some instances represented by locally based trade unions. All members of staff are free to join a trade union.

The joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG – as the competent representative body pursuant to § 14 (3) Participation Agreement – also elects the number of employee representatives stipulated in law or by the Articles of Association who are delegated to the Supervisory Board of Hannover Rück SE. The employee representatives for E+S Rückversicherung AG are elected by the employees of the joint operation. All employee representatives are full members of the Supervisory Board and as a general principle are equivalent to the members elected by the shareholders in terms of their social duties and rights, i.e. primarily in their function as a control and supervisory body of the respective company. As at the reference date of 31 December 2019 three employee representatives were delegated to each of the two Supervisory Boards.

Our employees Group-wide are informed of significant operational changes without delay and in accordance with legal requirements. The Supervisory Boards including the employee representatives must be advised in an immediate and timely manner of matters that can have a substantial influence on the position of the company. An exact time limit has not been set for this purpose. In the context of their right to information, the joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG as well as the SE Employee Council of Hannover Rück SE also duly receive all relevant information within the scope of their right to be informed so as to be able to influence operational changes. All employees are free to contact the staff representatives, Human Resources Management or the relevant manager regarding any complaints that they may wish to raise. In addition, tips can be submitted via an online whistleblower system, anonymously if so desired.

In 2019, no instances are known of business operations that could impede the rights to freedom of association or collective bargaining at our company.

Executive development and employee advancement

103-1, 103-2

The recruitment as well as the development and advancement of our personnel in terms of their professional and personal growth and their health are closely linked to our business success; they were identified as a material topic in our materiality analysis and are enshrined in our Sustainability Strategy 2018–2020.

We include here our measures to attract new employees, personnel development efforts, feedback culture and succession planning, activities for personal growth and further training as well as steps taken to boost, preserve and restore the physical and mental well-being of our employees.

Recruitment of new staff

As a growing company, we attach considerable importance to attracting junior recruits and skilled professionals. We therefore further stepped up our successful recruitment activities in Germany and abroad in the year under review.

In recent years we have already been successful in recruiting qualified new employees in a timely manner. If we are to maintain this high level, it is vital to remain prominent and attractive as an employer and to know the expectations of candidates on the job market. Our primary target groups are university graduates and young professionals/professionals. In terms of content, most job profiles are still centred on the disciplines of mathematics and economics. Nevertheless, demand for IT profiles is also growing – as is the difficulty of filling such vacancies. Our employer branding campaign launched in 2018 “Assuredly a different way of working” as well as our tailored marketing mix of cooperative activities, opportunities to talk to us on a local level and recruitment videos systematically address candidates who feel drawn to our somewhat different approach and would like to join us in shaping Hannover Re’s future together.

We reach out to our youngest potential recruits through presentations given on orientation days at schools and by organising activities on the so-called “Future Day” in Lower Saxony, when children and young people between the ages of 10 and 15 are able to get a taste of what we do.

As a route to obtaining a professional qualification, we offer up to six places each year to study for a Bachelor of Arts in business management with an insurance concentration as part of an integrated degree programme. Attendance at a summer school organised by the University of the West of Scotland forms part of the training programme, thereby already reflecting our company’s international approach even during this early phase.

We use a range of measures to address graduates as a target group, including building and cultivating contacts with universities, attending job fairs, offering to arrange field trips, publishing activity reports in student magazines and trade journals as well as using online media and providing job application training. Furthermore, internship opportunities and cooperation arrangements to assist with final degree papers

enable students to get to know the company and discover it as an attractive employer. University graduates can join us both through direct entry and through trainee programmes with concentrations in insurance and computer science. Trainees are taken on with a permanent employment contract right from the outset.

Positions for young professionals/professionals are advertised internally throughout the Group. For outside recruitment purposes, we use not only traditional job ads but also Web-based business networks such as XING and LinkedIn. Word-of-mouth recommendations are becoming increasingly influential on the recruitment side, as in so many areas. To this extent, our “Employees recruit Employees” programme and our good employer ratings on the portal kununu are important marketing factors for attracting young talent.

Personnel development, feedback culture and succession planning

404-2, 404-3

Well-trained and motivated employees are pivotal success factors for us as a globally operating company. Our personnel development work is designed to continuously foster the skills and motivation of our employees and thereby safeguard Hannover Re’s proper functioning and competitiveness. We achieve these goals through needs-based ongoing development of our employees’ abilities, by reaching agreement with them on challenging and responsible tasks, by keeping high performers at the company and by establishing an entrepreneurial mindset on all levels.

Providing targeted support for employees is one of the core components of human resources management. It involves a three-way interplay between the member of staff, their supervisor and the company. With a view to fostering the individual advancement of our employees, all members of staff have the opportunity to take part in an annual performance review with their direct supervisor. During this review the employee’s performance is evaluated according to higher-level, company-specific criteria, and issues relating to cooperation and the scope of tasks as well as the goals and professional development of the individual employee are explored at length. Participation in this review is optional for the member of staff, although we recommend an annual cycle of performance reviews. The implementation rate for performance reviews at all locations worldwide averages 90% per year.

In order to maintain and improve our company’s good culture of leadership and communication, a semi-anonymous process (anonymous questionnaire and subsequent discussion within the team) has been put in place that enables employ-

ees to give their supervisor feedback on his or her leadership behaviour as they experience it. This management feedback is thus the counterpart of the performance reviews for staff. In addition, executives are in turn evaluated by their direct supervisor in relation to their leadership performance. Appropriate supportive measures are agreed with the executive following completion of the management feedback process.

The most recent session of management feedback was conducted in 2018. Altogether, almost 50 executives on various managerial levels took part.

The basis of our corporate culture is the greatest possible delegation of tasks, authorities and responsibility. By adopting this flexible, trusting and decentralised approach, we establish the foundation that enables our employees, for their part, to act in a quick and flexible manner. We support this with leadership according to management principles and through management by objectives, and we expect our managers to instil a sense of individual accountability in their staff.

Our attractiveness as an employer is further reinforced by systematic career development programmes. As a general principle, we fill vacant management positions whenever possible from within our own ranks – where qualifications are equivalent – and we therefore consider leadership potential even at the recruitment stage. At our consolidated Group companies, too, we take care to ensure that all positions on Management Level 3 or higher are filled locally in the respective countries wherever possible. Most current managerial roles are consequently performed by local staff. Systematic succession planning also prevents gaps being left by the departure of executive staff. In a standardised process that we conduct every other year at the Hannover location, all positions from Management Level 3 (General Manager/Director) upwards are analysed for the company's head office and for selected international entities. This process is supported by Human Resources Management at the Hannover location. In the context of talks with all Managing Directors in Hannover we first identify potential successors for every position on the General Manager level. Furthermore, each possible successor is evaluated in terms of their abilities and potentials and any required (development) measures are discussed. The evaluation is based on the following criteria: specialist expertise, methodological skills, social skills, leadership ability and an assessment of their potential for the envisaged management level. In addition, we identify other high potentials and mission-critical individuals and positions. The summary findings on possible successors for the General Manager positions are subsequently discussed and expanded upon on the level of the Board members responsible for the areas in question. In the same way and on the basis of the same criteria, the Board members with area responsibility also identify pos-

sible successors for the Managing Director positions. The results of the succession planning, including additional comments by Human Resources Management, are then discussed by the full Executive Board at its retreat.

We similarly offer targeted personnel development workshops for employees on the level of Deputy Manager and Manager once they have been with the company for three years. In this way, we are able to pinpoint know-how and abilities and determine steps for systematic further development. This gives our members of staff a clear understanding of their individual development opportunities and enables them to grow into a specialist or leadership role within in-house career tracks.

Further training and personal development

404-1, 404-2

Hannover Re operates in a knowledge-intensive industry with a high degree of specialisation. Through continuous and appropriate (further) training of staff we safeguard the high quality standard of our services. At the same time, our further training programme offers employees the opportunity to continue growing not only professionally but also personally. What is more, well-trained and motivated employees ensure that our company is perceived in a positive light.

At the Hannover location we assist all our new members of staff with their career start through special basic seminars tailored to specific groups of employees. Not only do these convey a solid knowledge of reinsurance business, they also help the employees to navigate their new scope of duties and to start networking within the company.

When it comes to expanding and establishing our personnel development activities, we attach special importance to a range of measures tailored to specific needs and target groups. The individual programme of development measures is normally drawn up jointly by the employee and their supervisor as part of the annual performance review. Above and beyond this, all employees can access an extensive range of supplementary further training. Seminars can be booked online Group-wide through the tool HannoverReAcademy and take the form of face-to-face events, Web-based activities or a hybrid blended learning format.

The HannoverReAcademy programme is continuously reviewed and expanded: it currently encompasses specialist offerings on reinsurance and information technology, compulsory training in compliance issues, wellness courses and a range of instruction in social and methodological skills. At

our Hannover location 347 employees (2018: 257) attended altogether 106 language courses (2018: 55) in 2019. They covered English, Spanish, French, Italian, Portuguese, Russian as well as German as a foreign language. We also offer English instruction in an e-learning format.

In 2019, our communication seminars such as “International Negotiations”, “Intercultural Skills” and “Mastering difficult Dialogue Situations” as well as the topically entitled “Dealing with Complexity” stimulated especially lively interest among the workforce. This gives us added motivation to keep addressing topical issues within the company and thereby also to fulfil the requirements placed not only on insurers but also on reinsurance undertakings by the Insurance Distribution Directive.

In 2019, we continued to devote special attention to supporting our employees and managers in dealing with the implications of markedly changing work environments. In this context the effects of new forms of working or automated/digitalised workflows play a particularly important role. We also continued to offer our “Fit for Changes” workshops: held as joint events with a preventive goal in mind, staff and managers alike are able to simulate change processes in order to avoid the stressful situations that can arise. These workshops are thus purposely designed to serve as a bridge between the topics of change and health.

We again offered our executives the opportunity to explore change management and agility through various formats in order to apply relevant aspects in their daily working life where it makes sense to do so. Basic knowledge was communicated in a popular two-day seminar; the scope for application could be explored in all its facets – along with other topics – in the context of our tried and trusted, needs-based “practical training days” on which the challenges of a manager’s daily routine are explored by small groups with the help of a trainer and worked through with the aid of coaching and conflict resolution techniques. Alternatively, issues can be examined in concrete terms by way of department-specific workshops.

Further examples of our offerings for executives are multi-day and externally supported seminars for new managers and advanced training seminars for seasoned executives on topics such as “Wellness – Management Task and Individual Responsibility”, “Leadership in the Generational Mix” or “Mastering Complexity – Assured Leadership in Complex Situations”. All (new) executives are additionally able to access coaching support tailored to their specific needs.

Our seminar entitled “Actively Shaping the Retirement Transition” is intended to cater to the needs of our older personnel. It is designed to help older staff and managers plan their final years with the company purposefully and with an eye to

the future some years prior to actually stopping work. The goal is to support their performance capability with an eye to professional, personal and health considerations and assist with the transition to a new phase of life.

On average, each employee of our company participated – both internally and externally – in 3.4 days of further training in the 2019 reporting year. The number of training days per employee at the Hannover location was 4.8.

Average number of training days worldwide and at the Hannover location S 29

Region	2019	2018	2017	2016	2015
Worldwide	3.4	2.7	2.7	3.9	4.4
Germany	4.8	4.4	3.9	6.1	6.1

Health management and workplace safety

403-1, 403-2, 403-3, 403-4

The performance capability and health of our staff is an essential prerequisite for the sustainable development of our company’s business and for safeguarding our high quality standard. As staff working for a service provider, our employees do not engage in any activity that is particularly hazardous. Nevertheless, our company is also not left untouched by the transformation in the world of work, the need to efficiently structure work processes and a constant pressure for change. This can lead to a reduced performance capacity or health problems such as high blood pressure, back, shoulder and neck pain or psychological disorders and hence also to work days lost to sickness.

In our Sustainability Strategy 2018–2020 approved by the Executive Board, we explicitly set ourselves the goal of preserving and restoring the performance capability of our employees because every illness or injury has both direct economic impacts on our company and social implications for the affected individuals, their families, our colleagues and the social security systems.

Aspects of workplace safety and health management at our location in Germany are governed by various laws including the Occupational Safety Act (AsiG), the Safety and Health at Work Act (ArbSchG) and the Fire Protection Code. These apply to all employees, service providers and suppliers active in Germany. Our international offices within and outside Europe are subject to local laws which are similarly observed.

An interdisciplinary Health and Safety Committee, which also includes representatives of Human Resources Management, the Employee Council and the company physician, meets reg-

ularly at the Hannover location to explore the latest risks in the field of occupational health and safety, define necessary measures, coordinate regular activities such as on-site inspections and determine how to respond, e.g. in the case of an accumulation of incidents. Employees receive regular instruction in matters of occupational safety.

In addition, the process for occupational reintegration management – which is required by law in Germany – was further optimised. A company agreement was concluded in this regard in 2018, thereby ensuring a harmonised internal process with the participation of all relevant areas of the company.

Seminars and workshops designed to strengthen the resilience and relaxation skills of our staff and managers remain an integral part of our preventive wellness support measures, just as they were in previous years. In addition, we offer staff at our Hannover head office an extensive range of fitness opportunities, including company sports groups dedicated to various types of sport and cooperation arrangements with fitness studios. When it comes to individual workspaces, we take care to provide an optimal room layout and ergonomic furnishings, including electronically height-adjustable desks and chairs with a flexible range of adjustment options. We make appropriate facilities available for a mobile massage service that makes regular in-house visits to the Hannover location. When required, we pay the costs of special computer glasses.

Our executives are additionally able to attend workshops tailored specially to their needs, including one entitled “Wellness – Management Task and Individual Responsibility”. We also continued to offer an Employee Assistance Programme. This provides external and anonymous immediate counselling on personal, professional and health concerns for our employees, managers and their family members, including assistance with accessing a service for families.

Altogether 11 accidents occurred in Germany while at work or commuting in 2019; the total number of employee days lost to absenteeism was 14,469. The rate of absenteeism was slightly higher in Hanover in 2019 than in the previous year at 4.2% (previous year: 4.0%). No work-related fatalities were recorded among the workforce at any Group company. Our business operations do not give rise to any health and safety risks that are covered in formal agreements with trade unions.

Days lost to absenteeism, accidents and fatalities at the Hannover location

S 30

	2019	2018	2017	2016	2015
Days lost to absenteeism	14,469	14,134	12,934	13,222	12,452
Rate of absenteeism	4.2%	4.0%	3.8%	3.9%	3.8%
Work- or commute-related accidents	11	16	4	9	24
Fatalities	0	0	0	0	0

Employee retention

103-1, 103-2

Retaining our staff and hence ensuring that dedicated and motivated knowledge carriers stay with the company is a crucial factor in our success. A high level of employee satisfaction – promoted, for example, by a healthy work-life balance, commensurate remuneration and attractive fringe benefits – not only has positive effects on staff performance, it also cultivates a positive public image and perception of the employer.

Employee retention was identified as a material topic in our materiality analysis and is enshrined in our Sustainability Strategy 2018–2020.

Work-life balance

401-3

Efforts to promote the compatibility of professional and personal life are an important part of our human resources work. We would like our employees to be able to strike a harmonious balance in both aspects of their life and we explicitly recognise the importance of this. Measures that support a work-life balance lead to increased employee satisfaction, boost staff motivation and support both operational health management and social security systems. For potential applicants, too, a harmonious work-life balance remains an important factor in their choice of employer.

All measures are intended to help staff align various life concepts and phases with the requirements of the world of work, irrespective of whether their concern is starting a family, bringing up children, taking care of family members, preparing for the end of their career or other specific reasons.

Flexible working times and locations are an important element in the compatibility of work and family life. Our measures encompass part-time and teleworking models that can be individually tailored, the design of which far surpasses what is legally required, as well as flexible working-time ar-

rangements without core hours and various opportunities for partial retirement.

At the Hannover location 348 members of staff were employed part-time as at 31 December 2019 on the basis of more than 70 very different and individually agreed working time models. In addition, 572 employees have a teleworking contract. A variety of part-time working models are also offered at our locations abroad, and teleworking opportunities are available.

Number of employees engaged in part-time working and teleworking at the Hannover location S 31

	2019	2018	2017	2016	2015
Part-time	348	322	397	346	316
Women	301	288	351	311	286
Men	47	34	46	35	30
Teleworking	572	528	463	411	377

Starting in 2019, we began to offer employees another option for improving the flexibility of their working world – both in terms of time and location – in the form of “mobile working”. Mobile working refers to the possibility of performing work – outside of formal teleworking models – at a location other than the company workplace as warranted and on a time-limited basis. All that is required is mutual agreement between the supervisor and the employee.

In order to help with looking after small children we operate our own company daycare centre “ReKids” at the Hannover location, offering altogether a good 30 places for all-day care of infants (up to the age of three). We regularly review the childcare capacity available at the kindergarten and any need for additional places.

With a view to facilitating re-entry for employees who are currently on or just returning from parental leave, we encourage our executives to actively maintain contacts with our staff members on parental leave, e.g. by inviting them to attend further training activities or in-house events. On a Group-wide basis, 190 employees of our company were on parental leave in the year under review, thereof 66 men and 124 women. 65 employees returned to work from their parental leave in 2019, thereof 26 men and 39 women. 17 employees who returned from their parental leave in 2018 were still with our company twelve months later (6 men, 11 women).

Number of employees on parental leave (Group-wide) S 32

	2019	2018	2017	2016	2015
On parental leave	190	202	216	152	168
Women	124	134	142	105	124
Men	66	68	74	47	44
Returnees	65	72	95	44	37
Women	39	46	60	24	23
Men	26	26	35	20	14
Turnover	55	69	83	43	32
Women	35	44	51	23	18
Men	20	25	32	20	14

Remuneration and fringe benefits

102-35, 102-36, 102-41, 201-3, 401-2

Remuneration at our company is determined by clear and transparent rules. Our employees are paid exclusively according to their specific tasks, their skills and qualifications and their performance on the basis of a remuneration policy that applies worldwide.

Employees in Germany benefit from the security and advantages of the collective agreement for the private insurance industry. As at the reporting date of 31 December 2019, 94% of our employees at the Hannover location were covered by the collective bargaining agreement.

The remaining 6% are second- and third-tier executives, with whom non-collective agreements have been reached and whose salaries are comprised of fixed, performance- and responsibility-based components. Depending on the individual objectives agreed with them, our managers additionally receive performance-related payments and long-term incentives.

All our employees below management level in France, India and Sweden are similarly covered by collective bargaining agreements.

In view of the nature of our business activities and the associated very specialised skills of our employees, we deploy highly qualified personnel worldwide. Salaries reflect these high skills levels. Our employees are paid according to their specific tasks, their skills and qualifications and their performance. Salary increases and promotions follow a clearly defined process. There is consequently no risk of falling short of a local minimum wage.

The individual promotion grades for staff employed in Germany are subject to transparent criteria published in the company’s in-house intranet, which are also purely function- and skills-based. In the context of the annual round of salary adjustments and promotions, we explicitly evaluate how many

women and men receive a salary increase, whether there is a difference in the average amount and whether a trend towards favouring or disadvantaging one gender over the other can be discerned. As in the previous years, there was no preferential treatment or discrimination in this respect. In addition, we review how many women and men are promoted for each hierarchical level so as to maintain a gender balance within the workforce. In 2019, we awarded 129 promotions at the Hannover location.

Supplementary to individual and statutory retirement provision, employees in Germany who have been with us for longer periods of time are entitled to inclusion in the employer-funded retirement provision models. The amount of the funding contributions is determined by the individual salary levels and calculated according to the pay scale groups under the collective agreement. For new entries after 31 March 2018 and for employees who have switched to the so-called matching system, the employer makes an additional contribution if the employee arranges individual provision. Negotiations have been conducted with the Employee Council with a view to making the occupational retirement provision even more attractive. These negotiations have since been brought to a successful conclusion in 2020.

Employees can accumulate further employee-funded occupational retirement provision by way of deferred compensation. Furthermore, we offer our employees additional voluntary benefits. These include, among other things, life, health and disability insurance policies. Such offers are dependent upon the particular location and relevant legal stipulations. All members of our staff are granted the same benefits in proportion to their working hours.

Social security contributions and expenditures for pension provision and assistance S 33

in EUR thousand	2019	2018	2017	2016	2015
Social security contributions and expenditure for pension provision and assistance	49,275	57,112	56,753	59,700	53,300
Social security contributions	20,749	26,928	25,486	n. a.	n. a.
Expenditures for pension provision	24,245	26,117	26,551	n. a.	n. a.
Expenditures for assistance	4,281	4,067	4,716	n. a.	n. a.

For more detailed information on the remuneration paid to our employees, executives and the members of the Executive Board, we would refer the reader to the “Remuneration report” in our Group Annual Report, page 126.

Employee satisfaction

401-1

The satisfaction of our employees is very important if we are to remain an attractive employer in the eyes of our workforce. Supporting an open feedback culture is crucial to safeguarding and boosting satisfaction levels. Our feedback processes are described in the section “Personnel development, feedback and succession planning”.

For many years now we have obtained a reliable picture of our employees’ satisfaction by surveying our employees. In 2019, this was done by way of the Group-wide employee survey known as the “Organisational Health Check”, which is intended to make a company’s “state of health” visible and measurable. In the autumn of 2019, the members of staff all around the world were surveyed on a range of topics, including leadership behaviour, corporate culture and working atmosphere, reliability, motivation as well as capacity for innovation and learning.

At Hannover Re 1,768 employees took part in the survey, equivalent to a good participation rate of 64%. Hannover Re’s overall result placed the company above the industry average. Particularly in the areas of skills, corporate culture and working atmosphere as well as motivation, the results are well above average. Other areas, however, showed room for improvement, which the Executive Board – backed by Human Resources Management – would like to tackle jointly with the specialist units.

Overall, the satisfaction of our staff is also reflected in a low turnover ratio. The staff turnover ratio at the Hannover location of 2.7% (previous year: 4.1%) was substantially lower than the industry average of 5.6%. The average length of service to the company at the Hannover location stood at 12 years in 2019.

JobBike

In 2020, we launched our “JobBike” scheme to offer company bicycles to our employees at the Hannover location. Hannover Re leases bicycles and makes them available to staff for their use. The employee shares in the costs and can benefit from savings of up to 40% compared to making an immediate purchase. At the same time, we are promoting a healthy lifestyle and a sustainable commute – the JobBike is environmentally friendly, practical and fun!

Staff turnover by region¹

S 34

Region	2019				2018				2017				2016			
	Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³	
	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %
Germany	99	7.1	45	3.2	96	6.7	57	4.0	65	4.7	32	2.3	62	4.6	50	3.7
Europe excl. Germany	77	15.5	65	13.1	119	22.4	118	22.2	96	18.0	103	19.4	77	14.5	43	8.1
United States	38	13.4	30	10.6	38	12.2	36	11.5	21	6.7	26	8.3	24	7.7	18	5.8
South Africa	60	12.9	49	10.5	58	33.0	50	28.4	72	40.9	63	35.8	15	8.5	16	9.1
Asia	42	16.6	24	9.5	52	23.9	31	14.2	55	25.2	22	10.1	35	16.1	29	13.3
America excl. USA	9	12.7	5	7.0	9	8.3	8	7.4	8	7.4	7	6.5	22	20.4	13	12.0
Australia	12	10.3	10	8.5	13	13.3	11	11.2	16	16.3	9	9.2	12	12.2	11	11.2

Staff turnover by gender¹

S 35

Gender	2019				2018				2017				2016			
	Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³	
	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %
Men	169	11.8	95	6.6	175	11.2	154	9.9	171	11.1	137	8.9	124	8.8	103	7.3
Woman	168	10.2	134	8.1	210	11.9	159	9.0	162	9.4	127	7.4	123	8.3	92	6.2

Staff turnover by age group¹

S 36

Age group	2019				2018				2017				2016			
	Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³		Rate of persons joining ²		Rate of persons leaving ³	
	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %	Num-ber ⁴	in %
Up to age 29	127	37.6	43	12.7	151	44.7	73	21.6	112	33.1	46	13.6	91	26.9	40	11.8
Ages 30 to 49	174	10.5	121	7.3	206	12.5	166	10.0	189	11.4	150	9.1	125	7.6	107	6.5
Age 50 and over	36	5.6	65	10.0	28	4.3	74	11.4	32	4.9	68	10.5	31	4.8	48	7.4

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

² The rate of persons joining considers all newly appointed employees in the year under review (according to total headcount as at 31.12.).

³ The rate of persons leaving considers the number of employees who left the company in the year under review voluntarily or due to termination, retirement or death (according to total headcount as at 31.12.).

⁴ The key personnel indicators are calculated according to headcount. In this context, we consider the consolidated group in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" on the basis of a consistent consolidation model for all companies that defines control without regard to whether it arises out of company law, contractual or economic circumstances. Group companies are consolidated with effect from the date on which Hannover Re gains control over them. The total number of employees also includes trainees at the Hannover location.

Diversity

103-1, 103-2, 405-1, 406-1

Diversity and equal opportunities recognise the heterogeneity within a company's workforce. Yet it is by no means merely a matter of tolerating "difference", but rather welcoming, supporting, appreciating and indeed benefiting from "diversity" as a valuable complement.

In general terms, the cultivation of diversity within the company fosters a positive working environment, boosts employee motivation and enhances our appeal as an employer. What is more, collaboration in diverse teams enables us to incorporate different experiences and knowledge, to blaze new trails and to optimally support problem-solving and innovation processes. External influencing factors such as demographic

change, globalisation and shifting values also make diversity a pivotal success factor for our company.

At Hannover Re, we consider the high degree of diversity to be one of the pillars of our successful business activities. For it is the diversity of our workforce, with all the facets that it brings, that makes us the company that we are and forms a key integral element of our corporate culture. At the same time, it assists us in our international commercial operations and in dealings with our various stakeholders.

Diversity was identified as a material topic in our materiality analysis and is enshrined in our Sustainability Strategy 2018–2020.

Hannover Re welcomes the diversity of its workforce in all its facets. This includes both the core dimensions and the external dimensions and personality of each and every individual. At the same time, Hannover Re pursues a zero tolerance policy when it comes to discrimination. Unequal treatment, disadvantaging, exclusion, insults or smears of any type, e.g. based on age, disability, relationship/marital status, gender/gender identity and expression, skin colour, origin, medical condition, religion, sexual orientation, citizenship, ideology or any other legally protected factor are not tolerated.

Our yardstick in the German General Equal Treatment Act (AGG). We have adopted the core messages of the AGG in our Code of Conduct, which is binding upon all employees Group-wide.

Equal treatment, non-discrimination, respect for dignity and personal rights and the prohibition of abuse are an integral part of our globally applicable Code of Conduct and are embraced by executives and staff in their daily business routine. It is incumbent upon every employee to report any suspected or known violations. To do so, they may turn to their supervisor, Human Resources Management, the Compliance department or a confidential Group-wide whistleblower system.

There were no instances of discrimination that would have required consequences in employment law in the year under review.

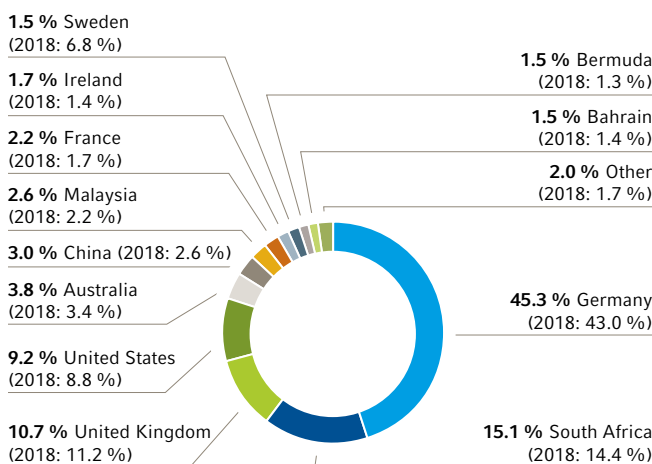
We collect data on the diversity of our workforce Group-wide in relation to gender and age, and additionally at the Hannover location in relation to nationality. Due to statutory regulations we do not publish any data on other categories such as religious belief or disability.

Throughout our entire Group employees are selected without regard to origin. On the contrary, we welcome the fact that numerous experts from a wide range of areas and with different cultural backgrounds work for us – also with an eye to

meeting the exacting quality standards associated with our complex reinsurance services. By way of example, we had colleagues from altogether 44 nations working at our Hannover location as at 31 December 2019.

Breakdown of employees by country in 2019

S 37



Group-wide, the gender ratio of the 3,083-strong workforce is virtually balanced at 46.5% male and 53.5% female. Yet women are under-represented on the company's more senior hierarchical levels compared to men. Of the 86 senior executives working in Germany, 15 are women, or 17.4%. This means that we have still to achieve the target quota of 20% for women on the first and second levels of management set by the Executive Board for no later than 2022.

Hannover Re and its Executive Board are committed to equal opportunities for men and women and want to increase the proportion of women in leadership positions over the long term. With this in mind, various tools and approaches have been adopted to support women in their professional development: these include, for example, a mentoring programme aimed at women, support for a Group-wide women's network, seminars for executives that highlight the differences and commonalities in gender-specific communication, advice sessions for parents-to-be covering periods of employment protection, parental leave, part-time working during parental leave etc. and also planning – in terms of both timing and content – for employees returning from parental leave with the aid of flexible arrangements that go well beyond the legal standards.

The mentoring programme, in particular, is a highly customised development tool. It brings female employees (mentees) together with experienced senior executives (mentors) for a period of twelve months to engage in a targeted, regular dialogue. The specific focus of the internal mentoring

programme on a purely female group of participants is part of our initiative to give targeted support to promising junior female managers by raising their profile in the organisation and fostering their abilities on an individual basis. In addition, the programme is intended to encourage women to reflect on their professional development to date and take steps to actively shape their future career. They also gain insights into new fields of work and are able to learn from their mentor's experience. Yet for the participating senior executives too, the role of mentor enables insights to be gained and leads to greater awareness of gender-related issues. In the 2019 reporting year another implementation round of the programme was launched at the Hannover location. The number of participants was expanded to nine mentoring tandems. Three members of our company's Executive Board were among the mentors participating in this round of the programme.

Proportion of women on the first and second levels of management at the Hannover location S 38

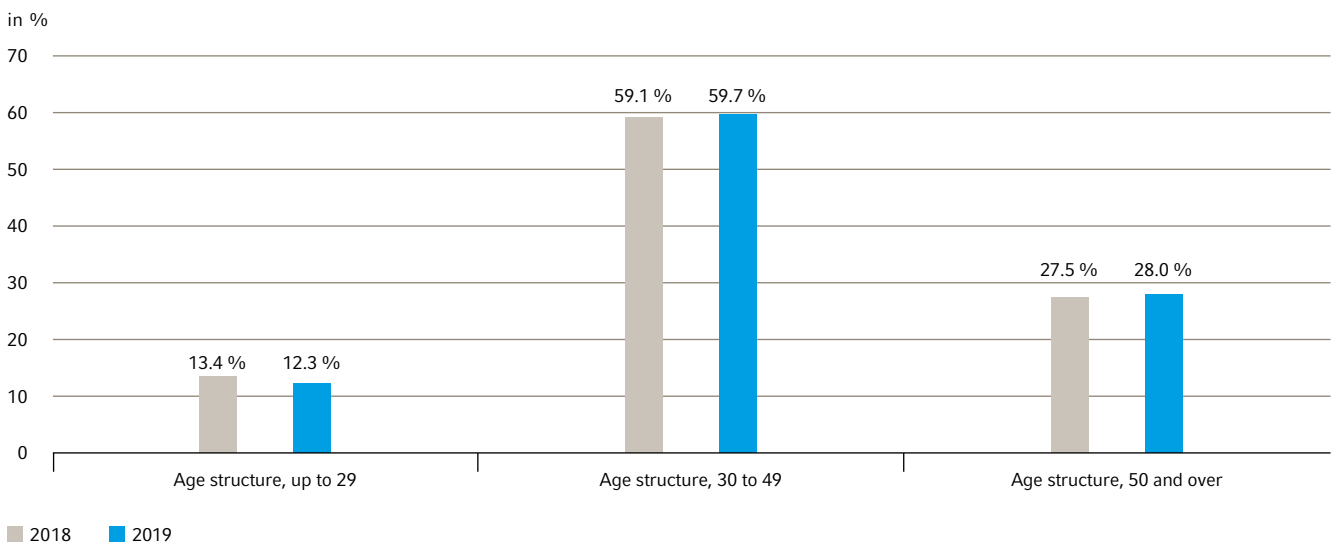
in %	2019	2018	2017	2016	2015
Target quota set	18.0	18.0	16.8	16.8	16.8
Quota achieved	17.4	15.6	15.4	16.3	16.0

The age structure of our Group's workforce in 2019 again reveals a balanced picture: 12.3% of our employees are under 30, 59.7% are aged between 30 and 49 and 28.0% are 50 or over. A comparison of the age structure over the years, however, shows a trend in line with the shift in demographics. The proportion of employees aged "50 and over" rose steadily by 8 percentage points in the period from 2011 to 2019.

We have been quick to tackle the challenges of an ageing workforce. In the context of our demography and generation management, for example, we have put in place measures to promote cooperation between new and seasoned members of staff.

Age structure of employees throughout the Group

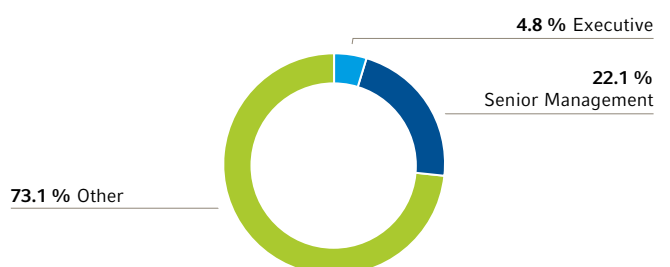
S 39



In our personnel statistics a distinction is made between three hierarchical levels: Group Executive, Senior Management and other employees. Of the altogether 3,083 employees Group-wide, 147 (4.8%) belong to the category of Group Executive, 681 (22.1%) to the category of Senior Management and 2,255 (73.1%) to the category of other employees.

Details of the breakdown of the various employee categories are provided in the tables below.

Breakdown of employees by hierarchical level in 2019 S 40



Breakdown of employees by gender and employee category¹
S 41

		2019			2018			2017			2016		2015	
		Num- ber ²	+/- pre- vious year	in % ³	Num- ber ²	+/- pre- vious year	in % ³	Num- ber ²	+/- pre- vious year	in % ³	Num- ber ²	in % ³	Num- ber ²	in % ³
	Gender													
Number of employees	Men	1,435	-123	-7.9	1,558	23	47.0	1,535	45	47.2	1,490	51.5	1,255	48.9
	Women	1,648	-111	-6.3	1,759	43	53.0	1,716	313	52.8	1,403	48.5	1,313	51.1
Group Executive	Men	120	-8	-6.3	128	-3	84.2	131	-3	84.5	134	84.8	136	5.3
	Women	27	3	12.5	24	-	15.8	24	-	15.5	24	15.2	24	0.9
Senior Management	Men	425	-27	-6.0	452	19	63.1	433	50	63.5	383	63.5	355	13.8
	Women	256	-8	-3.0	264	15	36.9	249	48	36.5	201	36.5	176	6.9
Other employees	Men	890	-88	-9.0	978	7	39.9	971	113	40.2	858	40.2	764	29.8
	Women	1,365	-106	-7.2	1,471	28	60.1	1,443	150	59.8	1,293	49.8	1,113	43.3

Breakdown of employees by age group and employee category¹
S 42

		2019			2018		2017		2016		2015	
		Num- ber ²	+/- pre- vious year	in % ³	Num- ber ²	in % ³	Num- ber ²	in % ³	Num- ber ²	in % ³	Num- ber ²	in % ³
	Age group											
Number of employees	Up to age 29	380	-64	-14.4	444	13.4	415	12.8	370	12.8	341	13.3
	Ages 30 to 49	1,776	-184	-9.4	1,960	59.1	1,981	60.9	1,811	62.6	1,597	62.2
	Aged 50 or over	927	14	1.5	913	27.5	855	26.3	712	24.6	630	24.5
Group Executive	Up to age 29	-	-	-	-	-	-	-	-	-	-	-
	Ages 30 to 49	61	-2	-3.2	63	41.1	69	2.1	75	2.6	77	3.0
	Aged 50 or over	86	-3	-3.4	89	58.9	86	2.6	83	2.9	83	3.2
Senior Management	Up to age 29	-	-	-	3	0.4	5	0.2	-	-	2	0.1
	Ages 30 to 49	392	-42	-9.7	434	60.6	423	13.0	398	13.8	352	13.7
	Aged 50 or over	289	10	3.6	279	39.0	254	7.8	186	6.4	177	6.9
Other employees	Up to age 29	380	-61	-13.8	441	18.0	410	12.6	370	12.8	339	13.2
	Ages 30 to 49	1,323	-144	-9.8	1,467	59.8	1,489	45.8	1,338	46.2	1,168	45.5
	Aged 50 or over	552	7	1.3	545	22.2	515	15.8	443	15.3	370	14.4

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

² The key personnel indicators are calculated according to headcount. In this context, we consider the consolidated group in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" on the basis of a consistent consolidation model for all companies that defines control without regard to whether it arises out of company law, contractual or economic circumstances. Group companies are consolidated with effect from the date on which Hannover Re gains control over them. The total number of employees also includes trainees at the Hannover location.

³ The percentage shows the proportion of women and men within the respective hierarchical level.





Environment and Society

Our environmental management

The focus of our operational environmental management is on reducing our CO₂ emissions. Our goal is avoidance wherever possible. Where this is not possible, we offset our negative impacts through various CO₂-mitigating projects. At our location in Hannover we have already been operating with a net zero carbon footprint since 2016. We aim to progressively extend this to our international locations so as to even better live up to our responsibility in our own actions.



Environment and Society

Operational environmental protection

In view of our activities as a service provider in the financial sector, the environmental impacts of our business are comparatively slight. In the context of our materiality analysis we did not identify operational environmental protection as a material topic.

Operational environmental protection nevertheless remains a major concern for us; by making efficient use of resources and energy we play a positive part in protecting the environment and fighting climate change. With this in mind, we report on our measures on a voluntary basis. In our sustainability strategy and in our environmental programme we define concrete targets and measures for protecting the environment and conserving resources. Our environmental management system at the Hannover location is certified annually, since 2016 according to the revised standard DIN EN ISO 14001:2015. Since 2016, we have additionally published annually a validated environmental statement in accordance with the European standard “Eco Management and Audit Scheme”, known as EMAS III for short, in fulfilment of the requirements of the Energy Services Act.

Further information about our environmental statement can be accessed on our website.

The focus of our activities is on protection of the climate by reducing CO₂ emissions as far as possible and – closely associated with this – on the careful and respectful handling of finite resources. We avoid consumption if possible. Where this is not possible, we emphasise environmentally friendly alternatives and offset our emissions to the best of our ability.

The reduction of CO₂ emissions, especially those caused by our business travel and more broadly by the supply of electricity and heat to our premises, is at the heart of our environmental protection efforts. Since 2016, we have operated at the Hannover location with a net zero carbon footprint. The changeover to renewable energy in 2012 and the offsetting of greenhouse gas emissions caused by air travel through payments to a non-profit organisation have been key factors in this achievement.

We plan to progressively roll out the switch to electricity from renewable energy sources at our international offices as well. Furthermore, in 2018 we began to keep a record for our Asia-Pacific locations of the emissions caused by air travel, the bulk of which we have already offset. In addition, we make every effort to ensure the economical and resource-sav-

ing use of materials and raw materials such as paper and water at our offices. We regularly record central consumption and emissions data for our head office in Hannover and constantly seek to reduce our consumption. The same is true of the volume of waste. We monitor our waste disposal according to the type and quantity of waste.

Our commitment in Hannover

Hannover Re has long been a participant in the “Climate Alliance Hannover 2020”, an initiative launched by the state capital of Hannover to strengthen cooperation on local climate protection over the long term. We had already lived up to our original commitment, namely to emit altogether 40% less harmful greenhouse gases by 2020 than in 1990, by 2016 when we achieved a net zero carbon footprint for our location in Hannover. We additionally participate in the Business Strategy Group of the Master Plan 2050 for the City and Region of Hannover “100% for Climate Protection”.

In 2019, the decision was taken by the initiators to continue the programme as the Climate Alliance Hannover 2030 – we are very pleased to be on board once again.

Since 2007, we have also taken part in the “Ecological Project for Integrated Environmental Technology” (Ecoprofit) of the Greater Hannover region and thereby contribute to the local sustainability agenda for 2021. The underlying idea of the project is to combine economic gain and ecological benefit through preventive environmental protection. The participating companies are regularly involved in work on specific topics such as “Ecoprofit in the Urban Development Process” and “Current Changes in Energy Management”. The energy-saving successes already achieved are regularly publicised in the relevant project publications.

Environmental management system

Our company’s voluntary commitment to environmental protection forms the basis for our environmental management system (EMS). It is our stated aim to keep the adverse ecological impacts of our business activities as minimal as possible. With the aid of the environmental management system we review our impact on the environment and take steps to minimise these effects wherever possible. In this context we record the consumption and emissions figures for Hannover Rück SE, E+S Rückversicherung AG and the infant daycare facility at the Hannover location, thereby covering the emissions of some 45.3% of the global workforce in the 2019 reporting year.

Environmental management system and workforce¹ S 43

	2019	2018	2017	2016	2015
Global workforce	3,083	3,317	3,251	2,893	2,568
Workforce at Hannover location	1,396	1,426	1,385	1,349	1,337
EMS degree of coverage	45.3%	43.0%	42.6%	46.6%	52.1%

¹ The consumption data also covers the infant daycare facility located on the premises of Hannover Re. The persons employed there are not employees of Hannover Re.

Our environmental management system has been certified since 2012 at the Hannover location according to DIN EN ISO 14001, and since 2016 according to the revised standard DIN EN ISO 14001:2015. Recertification was completed in October 2019; the environmental certification is valid until 2023.

Since 2016, we have also drawn up Environmental Statements on an annual basis in accordance with the EMAS III Regulation and had them validated by an accredited environmental verifier. EMAS is notable for, among other things, a rigorous orientation towards continuous improvement of environmental efficiency, the use of consistent performance indicators in relation to key environmental aspects as well as verification of compliance with legal requirements. At the same time, it provides a framework within which we subject our own actions to regular critical scrutiny and determine additional measures as needed. Furthermore, the validated EMAS III environmental statement fulfils the requirements of the Energy Services Act which have been mandatory since 2015. The current EMAS environmental statement published on our website contains details of our environmental goals and the environmental programme.

Responsibility for the environmental management system and our environmental policy rests with all the members of our Executive Board. Reporting directly to the Executive Board, the Environmental Management Officer is tasked with the continuous refinement of the environmental management system. In addition, he coordinates and advises on compliance with all legal provisions in Germany relating to the environment and takes responsibility for annual conduct of the audits that are obligatory under the management system. The Environmental Management Officer is supported by an interdisciplinary environmental team, which meets biweekly to discuss topical issues.

As required by the standard DIN 14001, all major rules and responsibilities in relation to environmental protection at the Hannover location have been compiled in an environmental management manual which is accessible to all employees through our intranet. The stipulations contained in our environmental management manual and in the supplementary instructions are mandatory for all executives and staff. Infor-

mation on environmental protection is made available to our staff through our internal media.

We identify and evaluate the environmental aspects relevant to our company that have significant implications for the environment. In so doing, we make a distinction between direct and indirect environmental aspects.

Direct environmental aspects are immediately connected to our own business activities and are therefore within the direct scope of influence of our environmental management system at the Hannover location: we include here business trips, electricity consumption, heat, refrigerants, paper, waste and (waste) water.

In relation to our direct environmental aspects we have defined various operational goals for the period until 2020, which are published in our EMAS statement. They include, among others, reducing our electricity consumption by 10% per employee, cutting the required heating energy by 5%, lowering paper consumption by 15% and maintaining our levels of water consumption and CO₂ emissions. These goals and the associated measures form part of our sustainability strategy and are updated regularly.

Indirect environmental aspects refer to those aspects that are indirectly associated with our business activities and over which we are unable to exert any direct influence. In this context we consider impacts in upstream and downstream processes as well as in supporting processes. This includes, for example, the environmental impacts caused by suppliers or service providers, emissions from our employees' commuting to and from work as well as impacts resulting from the conduct of our reinsurance business and investment management.

In order to maintain legal certainty, we have compiled a legal register summarising all laws and regulations of relevance to our environmental management system, observance of which we monitor on a regular basis. The completeness and up-to-date status of this register is verified through an annual legal review.

Costs of around EUR 6,000 were incurred in the reporting period for certification of our environmental management system and validation of our EMAS III environmental statement. There are also internal personnel costs associated with ongoing implementation of the environmental management system and a Group policy providing coverage for environmental impairment liability and environmental damage.

The offsets paid in the 2019 reporting year amounted to around EUR 241,414.

Our total expenditures for environmental protection measures in 2019 amounted to roughly EUR 400,000.

Emissions and consumption

305-1, 305-2, 305-3, 305-4

The measured emissions are considered indirect CO₂ emissions as per the Greenhouse Gas Protocol classification of emissions and result from the consumption of energy (Scope 2) or business trips (Scope 3). As a service provider, we produce scarcely any direct CO₂ emissions (Scope 1) such as those caused by industry through plant operations.

The calculation is based on the consumption figures for district heating and paper as well as our business travel. Given that we have obtained our electricity in Hannover exclusively from renewable sources since 2012, no emissions are caused in this regard. We are currently unable to quantify emissions from the extended value chain, such as our reinsurance business, our investments and our suppliers.

CO₂ emissions as per the Greenhouse Gas Protocol (Hannover location)

S 44

in t CO ₂		2019 ¹	2018	2017	2016	2015
Scope 1	Total	0	0	0	0	0
Scope 2	Total	255.17	266.87	243.43	255.96	264.18
	Electricity (100% green energy)	0	0	0	0	0
	District heating	255.17	266.87	243.43	255.96	264.18
Scope 3	Total	8,015.18	8,123.35	8,037.55	8,108.64	8,314.53
	Business travel	8,009.39	8,116.47	8,028.87	8,099.41	8,305.70
	Plane	7,977.23 ²	8,077.60	7,984.46	8,057.00	8,298.00
	Train	3.80	4.07	6.79	6.96	7.70
	Car	28.36	34.80	37.62	35.45	n.a.
	Paper	5.79	6.88	8.68	9.23	8.83

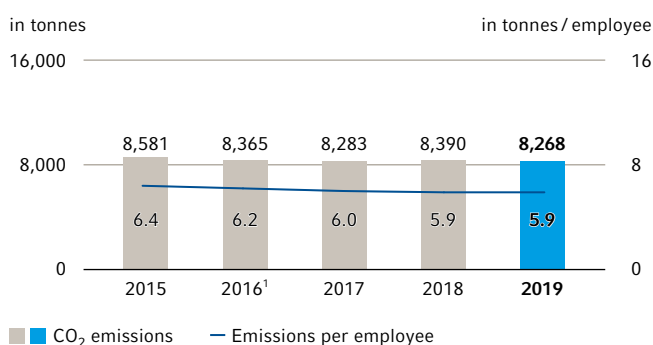
¹ Excluding HGS

² Radiative Forcing Index 2.7 (RFI 2.7)

Our CO₂ emissions in Hannover amounted to 8,270 tonnes in the year under review, a decrease of 1.45% year-on-year.

CO₂ emissions

S 45



¹ The present figures differ from those published in the Sustainability Report 2016 due to retrospective adjustment of the number of kilometres actually flown on business trips. This in turn necessitated an adjustment of the data on CO₂ emissions.

CO₂ emissions from employee commuting to and from work or in connection with our investments are not calculated separately.

Emissions from business trips

Business trips are necessary in order to maintain a presence with our national and international clients. Travel within Germany is normally undertaken using long-distance rail transportation and is therefore carbon-neutral. Business travel by plane, on the other hand, accounted for around 96.5% of our total calculated emissions in 2019.

Our travel policy requires a check to be made before every trip to determine whether the purpose of the trip can be accomplished using alternative communication tools. The roll-out of a new unified communication platform means that web conferencing is now possible from all workstations. In order to ensure that not only small but also larger meetings involving several participants per location can be held in the form of a web-based conference, more than 40 web conference rooms have been set up worldwide; along with camera and video technology, these are also equipped with remote white boards, thereby making it possible to share sketches and drawings made at the meeting across all locations.

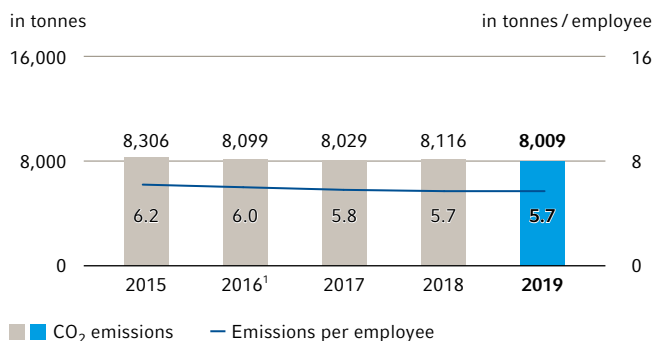
Since 2008, we have worked to calculate, control and offset unavoidable air travel for our Hannover location. In 2018, we began to log the business flights undertaken by our locations in the Asia-Pacific region. In the 2019 reporting year we fully offset our emissions from air travel amounting to 10,206 t CO₂ (according to RFI 2.7) for our locations in Germany, Australia,

India, Japan, Malaysia and Shanghai by making offset payments totalling EUR 234,721. We are currently working to integrate additional locations.

Emissions caused at the Hannover location by business trips made by car or regional train service amounting to 32.2 t CO₂ were also offset.

Emissions are also caused when our employees commute to work by car or public transportation. This involves indirect environmental aspects that we cannot directly measure or control. In order to limit the associated emissions we are proactive in offering our staff teleworking opportunities. Emissions can be avoided by eliminating the daily commute to work. Some 37% of the staff employed in Hannover already make use of this opportunity. Employees who ride their bicycle to work are provided with adequate change and shower facilities on our premises. Since 2018, we have offered our employees at the Hannover location a season pass on a collective basis for commuting with the regional public transport association (GVH). This is subsidised by Hannover Re to the tune of 25% of the regular price plus EUR 20. Each employee receives an additional discount of 12% from the GVH.

CO₂ emissions from business travel S 46



¹ The present figures differ from those published in the Sustainability Report 2016 due to retrospective adjustment of the number of kilometres actually flown on business trips. This in turn necessitated an adjustment of the data on CO₂ emissions.

Emissions from electricity and heating

302-1, 302-3, 302-4

Energy consumption is our second-largest source of emissions after those caused by business travel.

At the beginning of 2012 we made a complete changeover in our electricity supply at our Hannover location and have since used power from our external energy providers that is obtained exclusively from regenerative sources. In November 2013 we installed altogether 652 solar modules on the roof of the office buildings in Hannover. In the 2019 financial year 104 megawatt hours of solar energy were generated through

operation of the system, roughly equivalent to the power consumption of 40 two-person households.

With a view to further cutting our energy consumption at the Hannover location, we systematically pressed ahead with the already existing measures and initiated some additional steps in the year under review.

In 2017, we handed over operation of the backup data centre – which we had previously run ourselves – to a professional data centre operator. The “shared” data centre fulfils the Platinum level of LEED (Leadership in Energy and Environmental Design) certification and is powered entirely by renewable energy. The relocation also makes it possible to achieve a significantly lower PUE (power usage efficiency) ratio than is possible in comparable self-operated facilities. The PUE metric denotes the ratio of the total amount of energy used by a computer data centre to the energy delivered to computing equipment and it thus determines the efficiency of the data centre’s energy usage. This increased efficiency thus results in a further considerable energy saving.

In the years 2016–2018 the staff canteens at our main offices were thoroughly renovated and fitted out with new equipment and technology. This enabled us to optimise production processes in the kitchen and boost energy efficiency. We are also making increased use of state-of-the-art communication capabilities. Our standard workplaces have been made more energy-efficient and hence more environmentally friendly. Notebooks, PCs and workstation printers with high energy consumption and CO₂ emissions were replaced with more modern energy-efficient devices. We are now working to progressively install a smart LED lighting control system in our offices and to reduce stand-alone local printers.

Electricity consumption in the year under review, including the roughly 104 MWh of self-generated energy from our photovoltaic installation, stood at 4,329 megawatt hours. This is equivalent to a reduction of around 19.4% (previous year: 7,123.23 megawatt hours). The decrease can be attributed inter alia to the modernised canteens and the removal and outsourcing of the data centre as well as the elimination of the associated cooling technology.

Electricity consumption per employee was lower than in the previous year at 3,101 kilowatt hours (4,967 kilowatt hours) and significantly below the five-year average. This means that we achieved our goal of a 10% cut in electricity consumption per employee relative to 2017 earlier than the anticipated 2020 target.

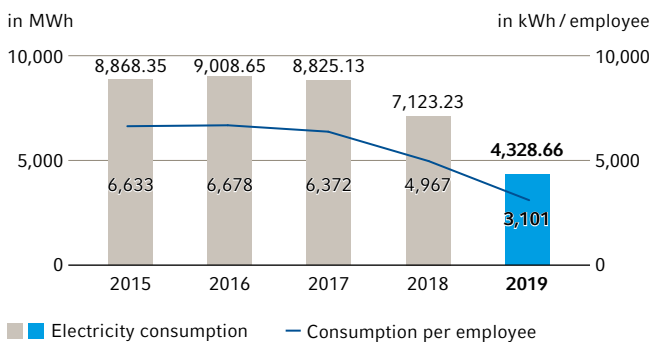
Proportion of total electricity consumption attributable to solar power

S 47

MWh	2019	+/- previous year	2018	2017	2016	2015
Total electricity	4,328.66	-39.23%	7,123.23	8,825.13	9,008.65	8,868.35
Purchased electricity (from renewable sources)	4,225.00	-39.91%	7,031.28	8,718.98	8,886.20	8,745.61
Solar power (self-generated)	103.66	+12.74%	91.95	106.15	122.45	122.74
Proportion of solar power	2.4%	+1.1% point	1.3%	1.2%	1.4%	1.4%

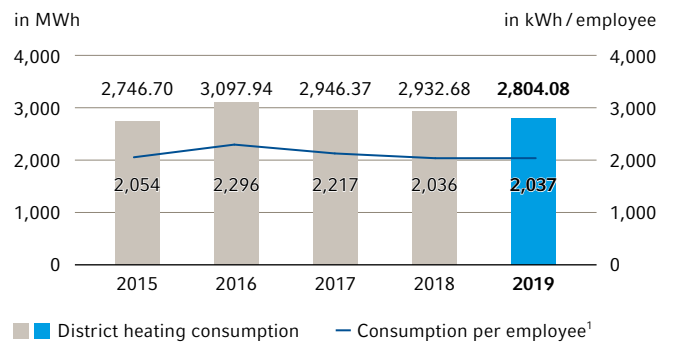
Electricity consumption

S 48



District heating consumption (not adjusted for weather conditions)

S 49



¹ adjusted for weather conditions: variations in weather are considered in relation to the long-term average

Our district heating consumption in 2019 was lower than in the previous year at 2,804 megawatt hours (3,338 megawatt hours adjusted for weather conditions).

In 2015, we modernised the glass facade of our main office building at Karl-Wiechert-Allee 57 and installed a weather-based, proactive heating management system. Analysis of the district heating consumption data shows that these measures have reduced consumption – adjusted for the effects of weather conditions – by around 706 megawatt hours since 2016 compared to the base year of 2014. This is equivalent to cutting CO₂ emissions by 60.3 tonnes.

Our goal is to reduce the consumption of heating energy – adjusted for the effects of weather conditions – by 5% per employee by the year 2020 compared to 2017.

Emissions from paper consumption

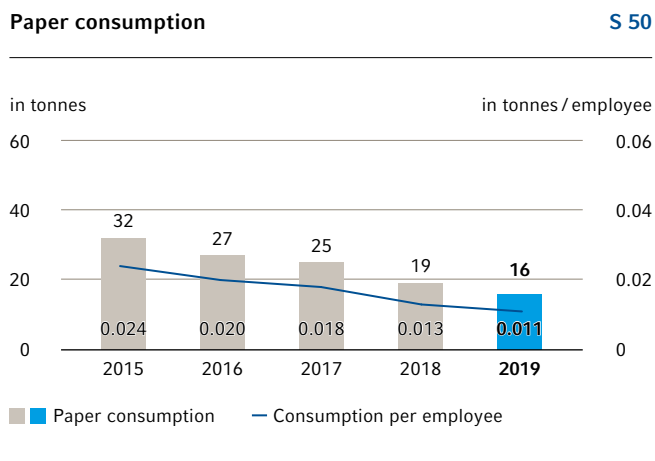
As a company operating in the reinsurance industry, we do not make any appreciable use of physical materials. Only the consumption of copy and printer paper at our offices is a relevant use of resources, and we therefore measure and manage this. It amounted to 16 tonnes (3,036,304 sheets) for the Hannover location in the year under review and – with a drop of 25.9% – was thus significantly below the level of the previous year.

A major factor in these paper savings was our connection to the “Ruschlikon e-administration in (Re)insurance” initiative of the Association for Cooperative Operation Research and Development (ACORD). ACORD is a global non-profit insurance organisation working to develop standards for the (re) insurance industry and related financial services providers. Among other things, its system makes possible the paperless processing of official documents and hence opens up potential savings in paper consumption. In the year under review we were able to electronically process roughly 98,424 communications, including 49,194 loss advices, and 321,591 attachments. In the previous year a large broker and another primary insurer had been connected to the system, while the 2019 reporting year brought the addition of a further major reinsurance broker. The goal is to process most loss advices and posting transactions electronically in the future.

Above and beyond this, we were also able to cut paper consumption in 2019 by digitalising additional work processes: with the aid of our document management system we mapped posting releases while adhering to and documenting the principle of dual control. The implementation of a digital signature solution also generated savings.

Last but not least, our company too is seeing a change in attitudes towards printing – more and more employees are working directly on the computer rather than making printouts of documents. Digital working is further supported by the use of larger and dual monitors as well as mobile devices.

More revealing than the paper consumption in absolute terms is the relative paper consumption per employee. The goal is to reduce paper consumption per employee by 15% relative to 2017 by the year 2020. Since 2010, we have consistently reduced our per capita consumption. Whereas in 2010 the figure was still around 40 kg per year and employee, this number had dropped to 10.5 kg in the year under review. We have achieved this reduction inter alia by rolling out mobile devices throughout the organisation. Instead of paper-intensive printouts, members of staff now frequently take their notebook to meetings. We avoid unintended print jobs by means of the “Print to me” solution implemented in 2015. Print jobs are not executed immediately, but instead have to be actively initiated by the user at the device. If this is not done, the computer deletes print jobs automatically after three days.



Since 2012, we have used exclusively printer paper bearing the “Euroblume” European environmental seal. This quality seal is awarded to consumer goods which are manufactured with reduced emissions and low energy consumption as well as the restrictive use of chemicals and auxiliary materials. Furthermore, the paper used in our printers has the lowest possible wood content. We have used solely FSC-certified paper in the creation of printed products since 2011.

Paper-intensive publications such as our Group Annual Report, brochures and the documents for the Annual General Meeting are printed on a carbon-neutral basis. Other publications such as this sustainability report, for example, are made available to our stakeholders only in paperless form. We have committed ourselves to this approach in our internal Corporate Design Manual.

Thanks to our decreased paper consumption, the CO₂ emissions for this item also fell to 5.79 tonnes (previous year: 6.88 tonnes).

Offset payments

Since 2008, Hannover Re has offset all CO₂ emissions caused at the German location and since 2019 at selected international locations by making offset payments to the climate protection organisation *atmosfair*. *atmosfair* implements projects in accordance with the rules and procedures of the Clean Development Mechanism (CDM) enshrined in the Kyoto Protocol and also according to the “Gold Standard” established by international environmental organisations.

Climate protection projects around the world – especially in developing countries – are supported by the payments. Through our offsets we seek to support projects over a longer timespan. With this in mind, we have already been providing assistance in Rwanda and Nepal since 2017.

Rwanda is one of the most densely populated countries in the world. A large sector of the population cooks with charcoal and firewood, as a result of which wood is a resource in high demand. Our contribution helps to equip the region with efficient ovens that consume 80% less wood than traditional stoves. This reduces overexploitation of forests through logging and protects the habitat of endangered mountain gorillas. At the same time, the measure goes hand-in-hand with a reduction of CO₂ emissions.

In rural Nepal, too, wood is the primary energy source – and in short supply owing to the strong population growth. Our offset payments promote small-scale biogas systems for households that currently use non-renewable energy resources. The biogas is channelled to gas cookers through pipes, hence eliminating the need for firewood and avoiding the build-up of fumes. Moreover, by connecting the toilet to the system it is also possible to improve the hygiene situation in the households.

In 2019, we spent a total amount of EUR 234,721 on the projects in Rwanda and Nepal.

In order to compensate emissions caused at our location in Germany by our use of district heating, paper consumption and business travel by train and car we spent an additional EUR 6,693.

Water consumption

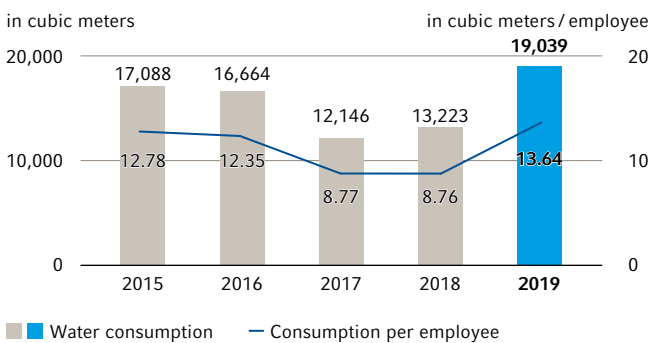
303-1, 303-3

As a pure service provider, we use drinking water for typical household purposes. Our goal is to maintain the consumption of drinking water on a level of 12 m³ per employee. In order to accomplish this, we intend to install state-of-the-art, water-saving rinsing facilities and taps whenever renovation work is carried out on sanitary installations and tea kitchens. Our water is supplied exclusively by the regional water utility company.

The total water consumption in the year under review amounted to 19,039 m³ and was thus 44% higher than in the previous year. This can be attributed, among other things, to the need for increased watering of the grounds around our premises due to the dry weather over the past two years.

Water consumption

S 51

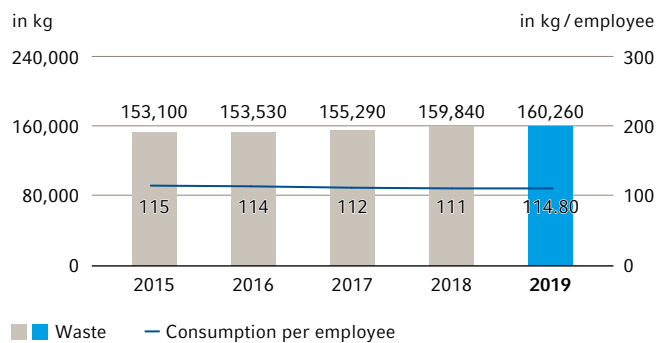


Since 2014, we have disposed of pens through TerraCyle and we separate and label waste categories in the tea kitchens. Furthermore, in 2015 we optimised the separation of kitchen waste into organic waste and food scraps.

Roughly half of our total waste in 2018 was recycled. All catering waste produced at head office in Hannover that requires disposal for hygienic or legal reasons is used to generate energy (sent to a biogas plant).

Waste¹

S 52



¹ Amended data is due to a new basis for calculating organic waste.

Waste

306-2

Waste at our company is limited to recyclables (e.g. paper), organic waste from kitchen and food scraps, residual waste and electronic waste. Our goal at the Hannover location is to keep the level of residual waste at 50 kg per employee in the period until 2020. We succeed in continually reducing our waste quantities inter alia by using sensible multi-use systems, minimising the consumption of materials (material efficiency) and separating unavoidable waste for recycling or disposal. Proper waste disposal is ensured by engaging appropriate service providers and documented by means of corresponding disposal certificates.

With a view to avoiding waste we are participating in the initiative Hannoccino[®] launched by waste management companies in Hannover. Under the scheme, we have replaced single-use coffee cups with a regional deposit system used in many of Hannover's cafes and eateries. In addition, we have eliminated single-use packaging in supplies delivered for our in-house catering and use recyclable packaging systems instead.

Waste by method of disposal

S 53

in t	2019	+/- previous year	2018	2017	2016	2015
Recycling	93.52	+19.91%	77.99	81.30	82.63	84.10
Composting ¹	17.94	-36.11%	7.02	7.02	3.12	1.26
Residual waste	48.2	-33.32%	72.29	65.67	66.73	66.69
Electronic waste	0.6	-76.38%	2.54	1.27	0.86	0.86
Hazardous waste	0	-	0	0	0.19	0.19
Total	15.66	-11.74%	159.84	155.29	153.53	153.10

¹ 1 litre of organic waste corresponds to 0.25 kg according to the State Statistical Office Baden-Württemberg

Supplier management

102-9, 103-1, 103-2, 103-3, 204-1, 414-1

As a provider of (re)insurance services, we do not have a traditional upstream or downstream supply chain of raw and auxiliary materials or produced goods as is the case with manufacturing companies. Nevertheless, we too source a broad range of goods and services. They include, among other things, IT hardware and software, Cloud services, consulting and development services, building and office equipment, electricity, heat and water, services relating to logistics, building management and technology as well as food for our staff catering.

Various business units at the Hannover location are responsible for procuring a diverse range of goods and services, most notably Facility Management (FM) and Information Technology (IT). In this context, the goods and services (IT hardware and software, consulting and development services, managed services as well as Cloud services) are purchased either directly from the vendor or through distributors.

We build long-term, trusting and robust relationships with our suppliers. Furthermore, the ongoing professionalisation of our procurement assures our competitiveness. To this end, we are currently taking steps to give greater consideration to cost/benefit aspects, improve service quality and bring about standardisation of services and conditions. Through consolidation of the portfolio of IT service providers we are also able to reduce our costs in the IT sector.

Currently, we procure goods for IT as well as for operation of our premises and conduct of our business from some 360 active suppliers. Our focus here is on regional and national partners or vendors from high-income OECD countries. Roughly two-thirds of these suppliers are from the Greater Hannover region or other parts of Germany. For the most part, we source our IT components from the European Union and United States. Just 3% of our suppliers are based in other countries.

Purchasing volume

S 54

	IT	FM
Greater Hannover region	12%	90%
Germany excluding Greater Hannover region	78%	8%
Europe	2%	2%
United States	7%	-
Rest of the world	1%	-

All in all, we consider it important and essential to manage our relationships with suppliers, in the first place with a view to ensuring observance of our compliance principles and mitigating associated environmental, social and governance (ESG) risks and, secondly, in order to track our procurement costs and reduce them wherever possible.

Since mid-2012 our “Code of Conduct for Suppliers” has been in force for large parts of our supplier management activities at the Hannover location. The Code of Conduct was developed by the areas of Facility Management (FM) and Information Technology (IT) with the support of Group Legal Services and regulates compliance with environmental, governance and social standards on the part of our suppliers. Specifically, the Code of Conduct for Suppliers requires – among other things – observance of legal and ethical provisions, respect for human rights and compliance with the core labour standards of the International Labour Organisation (ILO) as well as adherence to all applicable legal regulations governing health, safety and environmental protection. Hannover Re does not tolerate any form of bribery, corruption and/or embezzlement and similarly requires this of its suppliers through the Code of Conduct. Moreover, the Code of Conduct for Suppliers stipulates that the right of freedom of association, e. g. to join trade unions and initiate employee council activities, must be safeguarded. Furthermore, the Code obliges suppliers to put in place a management system that assures compliance with the aforementioned aspects. In 2017, the Code of Conduct for Suppliers was revised against the backdrop of the new legal requirements associated with the UK Modern Slavery Act; the updated version was approved by the Executive Board.

The Code of Conduct for Suppliers is publicly accessible on our website and must be signed by all new and existing core suppliers.

Based on the criteria contained in the Code of Conduct for Suppliers, the areas of IT and FM conduct a corresponding evaluation of our suppliers at regular intervals. Our core vendors and service providers are rated on the basis of self-reporting and with the aid of an application-supported process. Should they be assessed critically in one of the ESG risk categories IT and FM assign them to a blacklist, as a consequence of which no further orders are placed with them. In this way we seek to minimise the risk of commissioning suppliers that cause adverse social impacts. An early-warning system ensures that an adequate lead time is available to select and as necessary familiarise an alternative vendor.

When it comes to the procurement of IT components, vendors are commissioned, managed and evaluated using the service management system "ServiceNow". This system enables us to assign all vendors to one of the following categories:

- Strategic (A-Supplier)
- Bottleneck (B1-Supplier – high strategic importance but low volume)
- Leverage (B2-Supplier – high volume but low importance, easily replaceable)
- Non-critical (C-Supplier)

In the 2019 reporting year 89% of the A- and B-rated IT suppliers gave their commitment to comply with the Code of Conduct for Suppliers; a systematic record of this is kept. Suppliers who are in violation of our requirements can be blacklisted via "ServiceNow"; if they are selected, the purchaser is alerted accordingly and can exclude the vendor in question from any further orders.

Our core suppliers outside the IT sector who are allocated to Facility Management are evaluated along similar lines using a separate supplier management tool. In the 2019 reporting year 100% of the core suppliers administered by Facility Management undertook to comply with the Code of Conduct for Suppliers. Separate checks are omitted when it comes to very minor orders (e.g. the supply of individual books and journals, specific trade jobs).

Altogether, 85% of the purchasing volume in Facility Management and 100% of the purchasing volume in IT was evaluated according to ESG criteria in the 2019 reporting year.

48% of new suppliers in the IT sector and 90% in FM were screened with an eye to social criteria in 2019.

In the context of our review of suppliers in the year under review we did not identify any suppliers at which freedom of association or the right to collective bargaining is significant-

ly jeopardised or a substantial risk of child labour or forced/ compulsory labour exists, nor were any determined to have violated environmental regulations.

Furthermore, no suppliers were identified as critical or had to be added to the blacklist.

Social Commitment

413-1, 415-1

We are aware of our responsibility to society. For us, this means not only sharing knowledge with various research institutes and universities but also showing cultural, environmental and social engagement and supporting relevant institutions and projects. In so doing, we generate positive effects for society that go beyond our own business activities.

Our activities encompass not only the Hannover location but also our subsidiaries and branches, which engage in their own individual projects in response to social and environmental issues in the various countries.

In the context of our materiality analysis the topic of social commitment was not identified as material. Nevertheless, we consider our involvement to be an important issue that we promote as part of our sustainability activities. For this reason, we report on our measures on a voluntary basis.

Through our guidelines on donations we have defined our own policies for our social engagement. These guidelines regulate our investment in the community, with special importance attached to the non-profit status of the social groups and projects that we support.

Donations to political parties and churches or other political and religious organisations are expressly prohibited. Consequently, neither in the period under review nor in prior years have we made contributions to political parties, politicians or organisations associated with them. Compliance with this policy is verified by Group Auditing.

Altogether, we supported projects and initiatives with a worldwide donation volume of more than EUR 980,000 in the year under review.

Our commitment at Hannover head office

We support projects in the following categories from our location in Hannover:

- Commitment to society, science, art and culture
- Commitment to the environment and climate protection
- Commitment to the welfare and protection of young people
- Commitment to advances in medicine/humanitarian projects
- Commitment to employees

Research and science

When it comes to the management of natural catastrophe risks, we work together with governments, universities and research institutions and provide financial assistance to appropriate initiatives.

For example, we have been a long-time supporter of the Geo Research Center in Potsdam and the Global Earthquake Model (GEM) Foundation, whose mission is to develop a global earthquake model and hence make it easier to evaluate earthquake risks.

Through our active role in the Geneva Association working group on “Extreme Events and Climate Risks” we promote the development of initiatives to improve insurance protection for poorer sections of the population in order to ensure that natural disasters, in particular, do not lead to a loss of livelihood. The working group supports, among other things, the development of methods for assessing meteorological risks (heavy rainfall, flood and drought) and for better evaluation of the worldwide impacts of climate change.

With the establishment of the new “House of Insurance” in January 2018, we are working together with six other Hannover-based insurers to step up our cooperation with Leibniz University of Hannover. In addition, there are plans to hold events for scientific and professional further training as well as graduate employment fairs and to arrange internships in the insurance industry.

Furthermore, we support the work of thematically relevant Associations of Friends at various universities, including for example the Förderkreis des Instituts für Versicherungswesen at Cologne Technical University. We are also a member of a similar society and the alumni association of the Faculty of Economics at Hannover University of Applied Sciences and Arts as well as the University of Ulm association Studium und Praxis e.V. Above and beyond our aforementioned involvement, we regularly offer field trips for students and systematically place various projects and topical issues with university departments.

Support for art, culture and music

Supporting art, culture and music has traditionally been a cause for our company. In 1991, to mark our 25th anniversary, we set up the Hannover Re Foundation to benefit the Sprengel Museum in Hannover. The foundation’s mission is to acquire contemporary works of art and make them available to the Sprengel Museum on permanent loan – thereby also promoting Hannover as a centre for art. The foundation also funds publications and events to accompany the exhibitions.

Along with the Sprengel Museum, we support other cultural institutions based in Hannover such as the Wilhelm Busch Museum, the Kunstverein Hannover and the Kestnergesellschaft Hannover. In addition, we have our own in-house art collection, which is continuously expanded through acquisitions.

A series of exhibitions dedicated to “Masterclass Students” has been held since 2014 as a way of profiling the work of young artists from the Lower Saxony region. In cooperation with Braunschweig University of Art, we display selected works from the graduating class in the foyer of our Hannover head office, enabling staff and visitors alike to engage with the works in intensive contemplation and exploration. The exhibitions are accompanied by artist talks and catalogues are produced to document all the exhibits.

Every year since 1998 E+S Rück, our subsidiary with responsibility for the German market, has organised an examination concert for graduating soloists in cooperation with Hannover University of Music, Drama and Media. This support gives “master students” a particularly valuable opportunity to take their final examination with a large orchestra.

Environmental and climate protection

By making donations in the area of environmental and climate protection we support projects that tackle issues affecting the environment and climate change and seek to alleviate their adverse impacts. Since 2014, for example, we have contributed to the Fishing for Litter project developed by the Nature and Biodiversity Conservation Union (NABU) of Lower Saxony. The littering of the seas, and especially plastic waste, is a growing problem for our oceans and marine life. The project focuses on the development of effective disposal structures to manage waste fished out of the sea, thereby helping to conserve the marine environment and its inhabitants.

For the fourth time we gave our support to the Friends of the Earth – Diepholz Moor Depression (BUND Diepholzer Moorniederung), an initiative dedicated to protecting and preserving the moorland and the species of plants and animals (in some instances endangered) native to this part of Lower Saxony. In addition to preserving biodiversity, the project also makes a major contribution to climate protection by reducing the release of carbon dioxide.

Social issues

As part of our commitment to social issues, the welfare and protection of young people and the advancement of medicine and humanitarian projects, we support a number of organisations with donations – in some instances on a recurring basis. These include institutions such as Handicap International, Doctors Without Borders, Terre des Femmes, the civic initiative Bürgerstiftung Hannover, the foundation “Ein Platz für Kinder”, Stiftung Lesen (a non-profit organisation to promote reading), MOKI – Mobile Children’s and Youth Hospice, the Hannoversche Werkstätten (a charitable organisation to support people with disabilities), the initiative “Seniorpartner in School” and others.

Global engagement

Through regular donations and by enabling corporate volunteering, i. e. releasing employees for charitable activities during working hours, we support social projects all around the world. In so doing, we contribute our expertise in the area of reinsurance, whenever possible.

At our North American locations we supported a range of different measures to assist children, youth and adults in low-income families as well as various campaigns and activities to promote physical and psychological well-being.

In the United Kingdom and Ireland we got behind a number of measures intended to alleviate the impacts of various diseases and homelessness.

At our locations in Continental Europe we supported a broad spectrum of projects in the areas of health and wellness, research, education and sport.

In South Africa we give our backing to multiple charitable organisations and initiatives. As in previous years, our focus was on the field of education.

At our location in Bermuda we assisted various social institutions in the year under review. Our efforts included measures aimed at children and young people with special support needs as well as people with disabilities or particularly vulnerable groups. On the environmental side, too, we support a number of different institutions.

SuperFriend

In Australia, Hannover Re Life of Australia once again focused on employee wellbeing and mentally healthy workplaces by supporting SuperFriend, whose partner they have been since 2007.

SuperFriend is a for-purpose organisation that designs and delivers impactful mental health and wellbeing initiatives that enable workplaces to thrive. Set up in 2007 by industry superannuation funds and group life insurers, SuperFriend’s vision is for ‘an Australia where all workplaces are mentally healthy’. Together, the funds, insurers and SuperFriend work to support members to have great work, in great workplaces, enabling them to enjoy their working years as well as their retirements.

SuperFriend seeks to achieve its vision through:

- Workplace solutions (courses, resources & consulting): to improve organisational performance and staff mental health & wellbeing
- Industry insights: regular research analysing workplace mental health best practice, performance and outcomes
- Advocacy: participation in government and cross-sectoral collaborations & national working groups to affect system-level change

During recent crises – for example, the bushfires and Covid-19 – SuperFriend has provided online resources and solutions to support workplaces and individuals on remote working, staying connected, leading safely, coping through change, self-care and much more.

Hannover Re Life of Australia itself seeks to provide the best possible environment for its staff and clients. Through our partnership, co-designing solutions, and our contributions, we support SuperFriend in assisting employees through thousands of workplaces. We are proud to partner with our industry funds and SuperFriend to create an Australia where all workplaces are mentally healthy.

UN Global Compact

Hannover Re has been a signatory to the United Nations Global Compact (UN Global Compact) since May 2020. The UN Global Compact encompasses aspects relating to human rights, working conditions, the environment and anti-corruption. They are addressed in ten principles.

The Ten Principles of the UN Global Compact

S 55

Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; and 6. the elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.

The present sustainability report integrates the obligatory communication on progress. More extensive information and references to the ten principles can be found in the GRI Index.

GRI-Index

About this report

102-45, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56

With the sustainability report on the 2019 financial year we are publishing annual information on social, environmental and governance topics within the Group for the ninth consecutive time. Our sustainability report was drawn up in accordance with the standards of the Global Reporting Initiative (GRI) as well as the Financial Services Sector Disclosures.

This report has been prepared in accordance with the GRI Standards: Core option. The report has not been externally audited.

With a view to satisfying the information requirements of our stakeholders and the rating agencies as comprehensively as possible, we are providing additional information above and beyond this framework. The reporting period is from 1 January to 31 December 2019. Significant developments in 2020 have been included up until the editorial deadline in July 2019. Unless otherwise indicated, the particulars refer to the entire Group. Our last sustainability report was published in November 2019. Further information on the topic of sustainability is published in the course of the year on our website and as a regular part of the Group Annual Report.

The present sustainability report reflects the issues and challenges of sustainable development that are material for us. It takes into account the requirements of stakeholders who are of major significance to our company. The fundamental principles on which the report is based are materiality, the inclusion of stakeholders, the sustainability context and comprehensiveness.

In 2018, we updated our materiality analysis. This analysis and the identified issues remain valid for the 2019 reporting year.

Survey methods and calculation bases for the data

Unless otherwise stated, we report on our activities Group-wide.

Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted. For this reason, the Group-wide employee numbers for 2016 are only comparable

with those of previous years to a limited extent. We calculate the number of employees by headcount.

In this context, we consider the consolidated group in accordance with the requirements of IFRS 10 “Consolidated Financial Statements” on the basis of a consistent consolidation model for all companies that defines control without regard to whether it arises out of company law, contractual or economic circumstances. Group companies are consolidated with effect from the date on which Hannover Re gains control over them. The designation “employee” refers solely to employees of the Hannover Re Group, not subcontractors or freelance workers.

The stated environmental indicators refer to the Hannover location (degree of coverage: roughly 45.3% of the worldwide workforce). We use data collected internally from various departments as well as consumption data contained in the bills received from our electricity and district heating supplier. For the purpose of determining our CO₂ emissions from business travel we adopt the calculations of our service provider AirPlus and of Deutsche Bahn AG. In order to calculate the CO₂ emissions from district heating we take the specific emission factors of the local utility company (enercity) as a basis. Data for paper are provided by our supplier.

For the sake of making the report more easily readable, we have avoided gender-specific duplications and instead used the masculine form throughout.

GRI Content Index

102-55

GRI 102: General Disclosures 2016

S 56

Disclosure		Pages	UNGC-Principle
Organizational profile			
102-01	Name of the organization	5	
102-02	Activities, brands, products, and services	5	
102-03	Location of headquarters	5	
102-04	Location of operations	5	
102-05	Ownership and legal form	5	
102-06	Markets served	5	
102-07	Scale of the organization	6	
102-08	Information on employees and other workers	54	
102-09	Supply chain	5, 75	1–6, 10
102-10	Significant changes to the organization and its supply chain	5	
102-11	Precautionary Principle or approach	30	7
102-12	External initiatives	37	
102-13	Membership of associations	37	
Strategy			
102-14	Statement from senior decision-maker	3	1–10
102-15	Key impacts, risks, and opportunities	40	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	32	1–10
102-17	Mechanisms for advice and concerns about ethics	33	10
Governance			
102-18	Governance structure	12, 23	
102-19	Delegating authority	12	
102-20	Executive-level responsibility for economic, environmental, and social topics	12	
102-22	Composition of the highest governance body and its committees	23	
102-23	Chair of the highest governance body	23	
102-24	Nominating and selecting the highest governance body	23	
102-25	Conflicts of interest	23	10
102-33	Communicating critical concerns	23	
102-35	Remuneration policies	26, 60	1–6
102-36	Process for determining remuneration	26, 60	1–6
102-37	Stakeholders' involvement in remuneration	26	
Stakeholder engagement			
102-40	List of stakeholder groups	13	
102-41	Collective bargaining agreements	60	1–6
102-42	Identifying and selecting stakeholders	13, 36	
102-43	Approach to stakeholder engagement	13, 36	
102-44	Key topics and concerns raised	23	

Disclosure		Pages	UNGC-Principle
Reporting practise			
102-45	Entities included in the consolidated financial statements	5, 80	
102-46	Defining report content and topic Boundaries	13	
102-47	List of material topics	13	
102-48	Restatements of information	none	
102-49	Changes in reporting	80	
102-50	Reporting period	80	
102-51	Date of most recent report	80	
102-52	Reporting cycle	80	
102-53	Contact point for questions regarding the report	85	
102-54	Claims of reporting in accordance with the GRI Standards	80	
102-55	GRI content index	81	
102-56	External assurance	80	

Material topics

S 57

Standard	Disclosure	Pages	UNGC-Principle
Responsible enterprise management			6, 10
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	23	
	103-2: The management approach and its components	23, 26, 27	
	103-3: Evaluation of the management approach	11	
GRI 405: Diversity and equal opportunity 2016	405-1: Diversity of governance bodies and employees	23	
Compliance			1–6, 10
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	32	
	103-2: The management approach and its components	32, 33, 34, 35	
	103-3: Evaluation of the management approach	11, 32, 34, 35	
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	34	
Risk management			7
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	30	
	103-2: The management approach and its components	30	
	103-3: Evaluation of the management approach	30	
Own disclosure	Structures for the systematic recording, identification, analysis and evaluation of risks	30	
Stakeholder dialogue			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	36	
	103-2: The management approach and its components	36	
	103-3: Evaluation of the management approach	11	
GRI 102: General Disclosures 2016	102-12: External initiatives	37	
Risk expertise			7
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	40	
	103-2: The management approach and its components	40	
	103-3: Evaluation of the management approach	11, 40	
Own disclosure	Services and system based applications related to risk expertise and assessment	40	

Standard	Disclosure	Pages	UNGC-Principle
Sustainable insurance solutions			9
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	44	
	103-2: The management approach and its components	44	
	103-3: Evaluation of the management approach	11, 44	
FS 14	Initiatives to improve access to financial services for disadvantaged people	44	
ESG criteria in asset management			1–10
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	46	
	103-2: The management approach and its components	46	
	103-3: Evaluation of the management approach	11, 46	
FS 11	Percentage of assets subject to positive and negative environmental or social screening	46	
Customer orientation and satisfaction			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	47	
	103-2: The management approach and its components	47	
	103-3: Evaluation of the management approach	11, 47	
Own disclosure	Customer surveys	47	
Executive development and employee advancement			1–6
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	52, 55	
	103-2: The management approach and its components	52, 55	
	103-3: Evaluation of the management approach	11, 52	
GRI 403: Occupational Health and Safety 2016	403-1: Workers representation in formal joint management-worker health and safety committees	58	
Employee retention			1–6
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	52, 59	
	103-2: The management approach and its components	52, 59	
	103-3: Evaluation of the management approach	11, 52	
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	57	
Diversity			1–2, 6
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	52, 62	
	103-2: The management approach and its components	52, 62	
	103-3: Evaluation of the management approach	11, 52	
GRI 405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	62	
Supplier management			1–6, 10
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	75	
	103-2: The management approach and its components	75	
	103-3: Evaluation of the management approach	11, 75	
GRI 414: Supplier Social Assessment 2016	414-1: New suppliers that were screened using social criteria	75	

Further topic specific disclosures 2016

S 58

Disclosure		Pages	UNGC-Principle
201-2	Financial implications and other risks and opportunities due to climate change	40	7
201-3	Defined benefit plan obligations and other retirement plans	60	
204-1	Proportion of spending on local suppliers	75	
205-2	Communication and training about anti-corruption policies and procedures	32, 33	10
302-1	Energy consumption within the organization	71	8
302-3	Energy intensity	71	8
302-4	Reduction of energy consumption	71	8
303-1	Water withdrawal by source	74	8
303-3	Water recycled and reused	74	8
305-1	Direct (Scope 1) GHG emissions	70	8
305-2	Energy indirect (Scope 2) GHG emissions	70	8
305-3	Other indirect (Scope 3) GHG emissions	70	8
305-4	GHG emissions intensity	70	8
306-2	Waste by type and disposal method	74	8
401-1	New employee hires and employee turnover	61	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60	6
401-3	Parental leave	59	6
402-1	Minimum notice periods regarding operational changes	55	6
403-1	Workers representation in formal joint management-worker health and safety committees	58	1-2
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	58	1-2
403-3	Workers with high incidence or high risk of diseases related to their occupation	58	1-2
403-4	Health and safety topics covered in formal agreements with trade unions	58	1-2
404-1	Average hours of training per year per employee	57	
404-2	Programs for upgrading employee skills and transition assistance programs	56, 57	
404-3	Percentage of employees receiving regular performance and career development reviews	56	
405-1	Diversity of governance bodies and employees	23, 62	6
406-1	Incidents of discrimination and corrective actions taken	62	1-2, 6
413-1	Operations with local community engagement, impact assessments, and development programs	76	
414-1	New suppliers that were screened using social criteria	75	1-6
415-1	Political contributions	76	10
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	34	1

Contacts

102-53

Corporate Communications

Karl Steinle

Tel. +49 511 5604-1500

Fax +49 511 5604-1648

karl.steinle@hannover-re.com

Investor Relations

Axel Bock

Tel. +49 511 5604-1736

Fax +49 511 5604-1648

axel.bock@hannover-re.com

Svenja Seefeldt

Tel. +49 511 5604-1729

Fax +49 511 5604-1648

svenja.seefeldt@hannover-re.com

Olivia Kupka

Tel. +49 511 5604-2844

Fax +49 511 5604-1648

olivia.kupka@hannover-re.com

Published by

Hannover Rück SE

Karl-Wiechert-Allee 50

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