

The remuneration system for members of the
Executive Board and the Supervisory Board
decided at the Annual General Meeting on 5 May 2021

System of remuneration for members of the Executive Board of Hannover Rück SE

The Supervisory Board shall, in accordance with Sections 87a para. 1, 120a para. 1 of the German Stock Corporation Act (AktG) (in conjunction with Article 9 para. 1 c) ii SE Regulation), resolve upon a clear and comprehensive remuneration system for the Executive Board of a listed stock corporation and submit it to the General Meeting for approval. This system of remuneration for members of the Executive Board adopted by the Supervisory Board in its meeting held on 4 August 2020 is now being submitted to the General Meeting for approval.

The new remuneration system was compiled by the Supervisory Board with support from an independent consultant and complies with the requirements of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code (DCGK) in its version of 16 December 2019. The Supervisory Board recommends the General Meeting the approval of the remuneration system for members of the Executive Board of Hannover Rück SE specified in more detail below.

1. Guidelines of the remuneration system for the Executive Board

Hannover Rück SE is the third largest reinsurance company in the world. As a reinsurance company, we help primary insurers to bear risks. We operate in all segments of property and life and health (reinsurance business group). Founded in 1966, the Hannover Re Group today comprises more than 150 subsidiaries, branches and representative offices globally. The group strategy aims to sustainably expand our position as one of the leading and most profitable reinsurance groups worldwide. In keeping with the motto “somewhat different” we are pragmatic, highly specialised and cost-conscious. Our strong underwriting culture, our focus on client partnerships, our lean operating model and efficient capital management have enabled us to deliver attractive returns and outperform the industry in the past decade. The strategy of the Hannover Re Group is also geared towards long-term value enhancement in the interests of the stakeholders of the group (in particular, clients, employees, the capital market, the public sector and non-governmental organisations (NGOs)).

The remuneration system of our Executive Board provides a substantial contribution to promoting our group strategy and the long-term and sustainable development of the Hannover Re Group. The system is aligned with a transparent, performance-related incentive, strongly focused on company performance, which in particular depends on the performance targets of the group strategy and the performance of the stocks of Hannover Rück SE (hereinafter: Hannover Rück), including with respect to competitive comparison and strongly avoids risk-taking.

The Executive Board remuneration is aligned in such a way as to reward the members of the Executive Board in consideration of the company situation in accordance with their performance and their area of operation and area of responsibility. The provisions of the German Stock Corporation Act (AktG) and the recommendations for the remuneration for members of the Executive Board in Section G of the German Corporate Governance Code (DCGK) form the regulatory framework of the remuneration system. The provisions of Article 275 of the Commission Delegated Regulation (EU) 2015/35 and the Insurance Supervision Act in connection with the Remuneration Regulation for the Insurance Industry (VersVergV) are also complied with.

When determining the amounts of remuneration and the remuneration system for the Executive Board of Hannover Rück, the Supervisory Board focused on the following guidelines:

Promoting the company strategy

The remuneration system as a whole contributes to the promotion and implementation of the Group’s strategy by means of which challenging and long-term performance targets are set, which align with the interests of our investors and other key stakeholders.

Long-term nature and sustainability

The remuneration system promotes the long-term and sustainable development of the Hannover Re Group. In this context the variable remuneration is primarily share-based and adjusted over a period of several years. Non-financial performance targets to promote a sustainable corporate development are also incorporated into the calculation of the variable remuneration.

(Pay-for-performance)

The performance of the members of the Executive Board is appropriately considered and remunerated by means of the implementation of appropriate and ambitious performance targets set within the variable remuneration components (“Pay-for-performance”). The variable remuneration can fluctuate between zero and an upper limit based on the amount (cap).

Appropriateness of the remuneration

The Supervisory Board ensures that the remuneration of the members of the Executive Board is set in reasonable proportion both to the tasks and performances of the respective members of the Executive Board as well as that of the company.

In-house remuneration proportionality and consistency

When determining the remuneration of the Executive Board the in-house remuneration proportionality is considered over a period of time. In addition it is ensured that the remuneration systems for the Executive Board and the senior managers are fundamentally set with parallel incentives (consistency).

Investor interests and relative competitive comparison

The remuneration system provides a central contribution to linking the interests of the Executive Board with the interests of our investors. By using relative measurement of performance in the form of share-based variable remuneration, incentives are set for long-term outperformance of our competitors on the capital market.

Consideration of market practice

When designing the remuneration system for the Executive Board, the Supervisory Board considers the current market practice of relevant comparable companies.

Regulatory compliance

When determining the remuneration system of the Executive Board, conformity with the relevant statutory and regulatory requirements for Hannover Rück is ensured.

2. Process for determining, implementing and reviewing the remuneration system, initial application

When developing the remuneration system the Supervisory Board is supported by the Standing Committee, which in particular expressed recommendations for the organisation of the system taking into consideration the defined guidelines. In the context of developing and determining the remuneration system the Supervisory Board makes use of its option to consult an external remuneration consultant independent of the Executive Board and the company.

The recommendations of the DCGK and the provisions of the Rules of procedure of the Supervisory Board and its committees shall be complied with when dealing with conflicts of interests including the determination, reviewing and implementation of the remuneration system. Insofar as no significant amendments are made to the remuneration system the remuneration system will be presented to the General Meeting for approval at least every four years. If significant amendments are made to the remuneration system the adjusted remuneration system will also be presented to the General Meeting for approval. If the remuneration system resolved by the Supervisory Board is not approved by the General Meeting, the Supervisory Board shall present a revised version of the remuneration system to the General Meeting no later than at the next scheduled General Meeting in accordance with Section 120a para. 3 AktG.

The present system for remunerating the members of the Executive Board applies for the remuneration of all members of the Executive Board of Hannover Rück from 1 January 2021. Claims for remuneration including those resulting from previously relevant regulations concerning the variable remuneration components for periods prior to the 1 January 2021 shall continue to be aligned with the respective contractual regulations on which the remuneration was based.

3. Appropriateness of the remuneration for the Executive Board

When determining the remuneration for the members of the Executive Board the Supervisory Board considers the responsibility and the tasks of the individual members of the Executive Board, their individual performance, the economic situation and the success and future prospects of the company.

In addition, the customary nature of the remuneration is reviewed in comparison to other, comparable companies (horizontal comparison) both with respect to the amount as well as with respect to the remuneration structure, which otherwise applies in the company (vertical comparison). Companies from the DAX and MDAX are used as a comparison group for the horizontal comparison of remuneration. The vertical comparison is based on the proportion of the remuneration of the Executive Board in comparison to the remuneration of the total workforce of Hannover Rück. In this process, both the status quo and the chronological development of the remuneration ratios are taken into consideration. The remuneration ratios between the Executive Board and the total workforce are also compared with the remuneration ratios of selected comparison companies from the insurance and reinsurance industry.

4. Overview of the remuneration system

4.1. Complete overview of the compensation components

The following table provides an overview of the components of the remuneration system:

Remuneration component

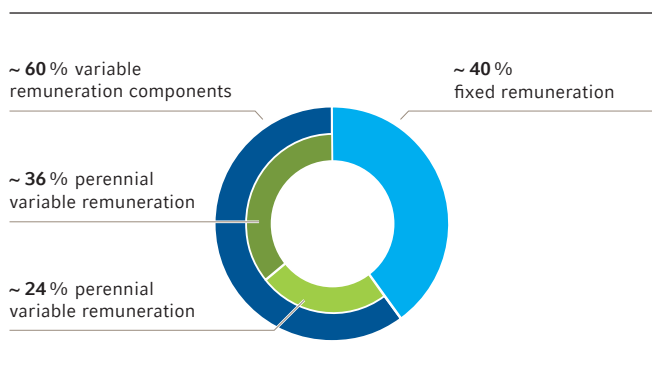
Basis for assessment/parameter

	Remuneration component	Basis for assessment/parameter
Fixed remuneration components	Fixed remuneration	The fixed remuneration will be paid out in twelve equal monthly instalments in cash
	Ancillary benefits	Primarily: Vehicle for business and personal use, third-party liability, accident and luggage insurance set at an appropriate amount
	Pension scheme	Defined Contribution Plan: Annual financial contribution in the amount of 25% of the defined basis for assessment
Variable remuneration components	Annual variable remuneration Short-term incentive, (STI)	<p>Target bonus model</p> <p>Performance targets:</p> <ul style="list-style-type: none"> - Hannover Rück SE RoE - Individual performance criteria <p>Cap: 200% of the STI target amount</p>
	Perennial variable remuneration Long-term incentive, (LTI)	<p>Performance share plan (share-based remuneration)</p> <p>Four year performance period</p> <p>LTI allotment amount depends on the determined target attainment for:</p> <ul style="list-style-type: none"> - Hannover Rück SE RoE for the previous financial year - Individual performance criteria for the previous financial year <p>Performance targets:</p> <ul style="list-style-type: none"> - Share price development of the Hannover Rück share (including dividends) - Relative total shareholder return (in comparison with relevant competitors) <p>Cap: 400% of the LTI target amount</p>
Other components	Maximum remuneration	<p>Limit of the total remuneration for one financial year in accordance with Section 87a para. 1 sentence 2 No. 1 AktG:</p> <ul style="list-style-type: none"> - Chairman of the Executive Board: EUR 5,000,000.00 - Ordinary members of the Executive Board: EUR 3,000,000.00
	Bonus/malus and clawback	Option of the Supervisory Board, in the event of gross misconduct or an incorrect consolidated financial statement to withhold ("malus") or claim back ("clawback") the variable remuneration components in part or in full

4.2. Remuneration components and structure

The remuneration system of Hannover Re comprises fixed and variable remuneration components. The former covers the fixed remuneration, ancillary benefits and the pension scheme. The variable remuneration comprises the short-term incentive (annual variable remuneration – STI) and a long-term incentive (perennial variable remuneration – LTI) with a performance period of four years. The total amount of fixed remuneration and variable remuneration components makes up the target direct remuneration of the members of the Executive Board. In order to reinforce the concept of Pay-for-Performance the target direct remuneration is comprised of approximately 40% fixed remuneration and approximately 60% variable remuneration components.

The remuneration structure is furthermore aligned to sustainable and long-term development of the company. The STI is composed of 40% variable remuneration components and thus contributes approximately 24% to the target direct remuneration. The LTI is composed of 60% variable remuneration components represents around 36% of the target direct remuneration.



A pension scheme and ancillary benefits are granted as additional components of the fixed remuneration components. The annual financial contribution to the pension scheme currently amounts to 25% of the defined basis for assessment (annual fixed remuneration). For the benefit-based commitments the annual employee benefits costs (service cost) is currently approximately 35% of the annual fixed remuneration; the expense is calculated annually by an expert. As a rule, the amount of ancillary benefits in the last three years was less than 5% of the fixed remuneration on an average basis.

In the event that Members of the Executive Board, receive a special payment to compensate for loss of salary from a previous employment relationship or to cover expenses incurred due to a change of location within the course of their first appointment there may be slight variations in the proportions of the individual components.

4.3. Maximum remuneration

The Supervisory Board has determined an upper limit for each member of the Executive Board based on the amount for the total of fixed remuneration, ancillary benefits, term of service for the pension scheme and STI and LTI (“Maximum remuneration”) in accordance with Section 87a para. 1 sentence 2 No. 1 AktG. The maximum remuneration limits all payments that result from the provision of remuneration within a financial year. The maximum remuneration for the chairman of the Executive Board is EUR 5,000,000.00 and EUR 3,000,000.00 for all other members of the Executive Board.

4.4. Malus and clawback; risk adjustment

If a member of the Executive Board intentionally violates one of their fundamental due diligence obligations in accordance with Section 93 AktG, a fundamental service obligation or other fundamental operational principles of the company, e.g. from the code of conduct or the compliance guidelines, the Supervisory Board may, at its discretion, withhold not yet paid variable remuneration in part or in full (“malus”) or reclaim the gross amount of the already paid out variable remuneration in part or in full (“clawback”). Reclaiming of remuneration is excluded if the significant breach occurred more than five years ago.

When making a discretionary decision, the Supervisory Board considers the severity of the breach, the degree of fault of the member of the Executive Board and the material and immaterial damage incurred by the company.

Furthermore a member of the Executive Board must pay back variable remuneration already paid to him/her in the event that, and insofar as, it is proven after payment has been made that the calculation of the payment based on the audited and approved consolidated financial statement was incorrect and therefore key accounting requirements need to be corrected and on the basis of the corrected and audited consolidated financial statement and the respective relevant remuneration system a lower sum or no payment amount would have been owed for variable remuneration.

Any claims for compensation by the company, the right of the company to revoke the appointment and the right of the company to terminate the employment contract without notice remain unaffected by these provisions.

Furthermore a restriction or a complete lapse in payment of the variable remuneration components is permissible in the event of a ruling soon to become final or immediately enforceable ruling of the Federal Financial Supervisory Authority (BaFin), in which the payment was prohibited or restricted (such as: if the equity capital was lower or threatened to become lower than the solvency capital requirement), also if this is required in accordance with Article 275 para. 2 letter e of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014.

5. The individual components of the remuneration system in detail

5.1. Fixed remuneration components

5.1.1. Fixed remuneration

The fixed remuneration will be paid out in twelve equal monthly instalments in cash. In particular it is aligned with the range of tasks and the professional experience of the respective member of the Executive Board.

5.1.2. Ancillary benefits

In addition the members of the Executive Board receive certain non-performance related ancillary benefits at a market level, which are reviewed at regular intervals. A vehicle for business and private use is provided for the term of the appointment as a member of the Executive Board. The taxation of non-cash benefits for the private use of the service vehicle shall be paid by the member of the Executive Board. The benefits in kind and ancillary benefits shall be assessed for the statement in the annual report at cost. Furthermore the company grants its members of the Executive Board insurance protection as a group contract at an appropriate amount (e.g. accident and luggage insurance) and reimbursement of travel expenses and other expenses made in the interests of the company.

In addition the Supervisory Board has the right to grant special payments to new members of the Executive Board to compensate for loss of salary from a previous employment relationship or to cover expenses incurred due to a change of location. Such one-off special payments shall be identified and justified separately in the remuneration report.

5.1.3. Pension scheme

The members of the Executive Board are entitled to participate in a defined contribution-based pension scheme. Thereafter, a life-long retirement pension shall be granted if the member of the Executive Board has reached the end of their sixty-fifth year of life and has left the company. The amount of the monthly retirement pension shall be calculated on the basis of the age on the effective date (year of the effective date minus the date of birth) and the financial contribution on the effective date in accordance with the respective tariff applicable of the reinsurance company for the person who shall benefit from the pension. The annual financial contribution in the amount of 25% of the defined basis for assessment is paid by the company. Ongoing retirement pensions on the basis of defined contribution-based pension schemes are increased annually by at least 1% of their last (gross) amount.

The employment contract for a member of the Executive Board contains a defined contribution-based pension scheme paid on an annual basis that is calculated as a percentage rate of the pensionable fixed annual salaries. The agreed maximum pension is 50% of the monthly payable fixed compensation in the event of the member leaving the company in accordance with the contractual terms after completing their sixty-fifth year of life. A non-pensionable fixed remuneration component is defined.

For both types of pension other sources of income during the period of pension payments will be credited in part or in full under certain conditions (e.g. in the event of incapacity for work or termination of the contract of employment prior to the sixty-fifty year of life).

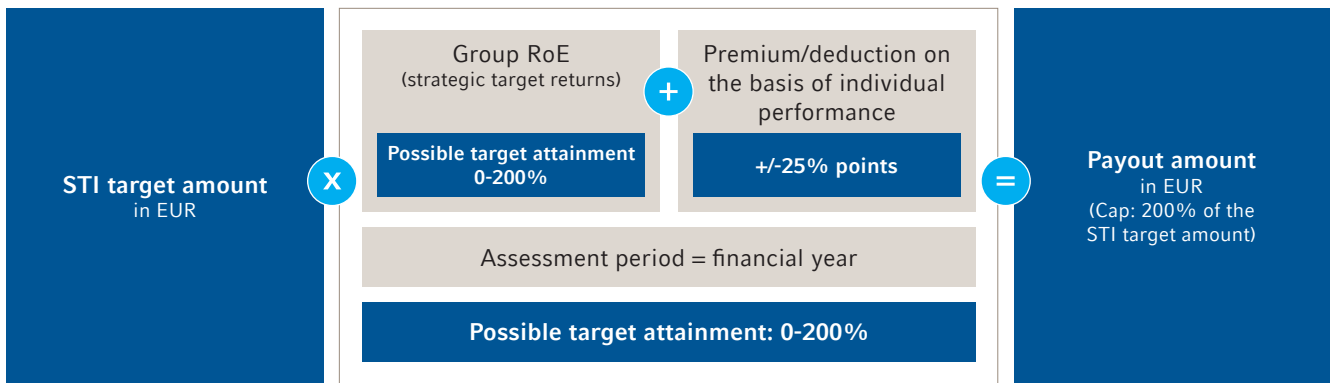
5.2. Variable remuneration components

The variable remuneration comprises the short-term incentive and a long-term incentive with a performance period of one year or four years.

5.2.1. Short-term incentive, (STI)

The STI is aligned with the corporate success of Hannover Rück in the relevant financial year. In addition to the financial performance target of return on equity (RoE) of the Hannover Re Group in accordance with the consolidated financial statements ("Group-RoE"), an individual premium or deduction will be considered when determining the payout amount, which comprises both financial and non-financial performance criteria, in particular, sustainability targets and in addition to the overall responsibility of the Executive Board also considers the respective responsibilities of the business segment of the individual members of the Executive Board. By doing so, the STI meets the objective of a high and stable return on equity for the Hannover Re Group, promotes the implementation of Executive Board or division-specific focus topics and includes the interests of our clients, employees and other key stakeholders.

The basis for the payment from the STI is formed of the contractually determined STI target amount, which is based on a total target attainment of 100%. The total target attainment can reach values between 0% and 200%. Thus the payment amount from the STI is limited to 200% of the target amount.



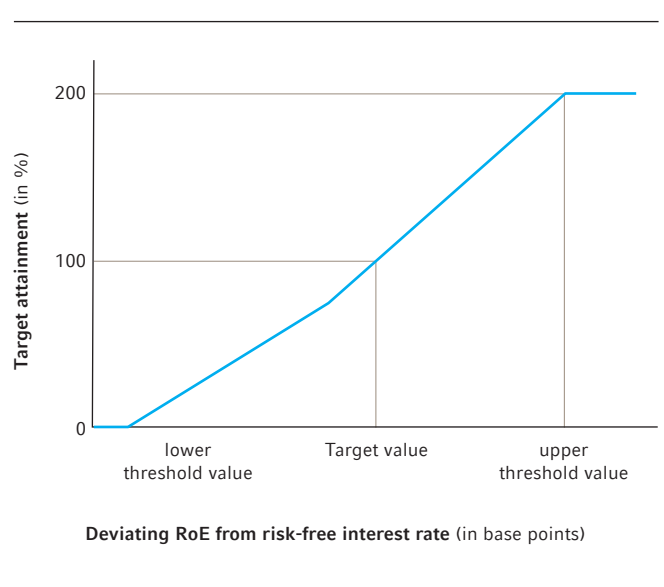
5.2.1.1. Financial performance target

The significant financial performance target for the STI is given a weighting of 100% of the Group RoE in comparison with a strategic target yield. The Group RoE is one of the central performance indicators in the taxation system of Hannover Rück SE and as such is also implemented in the remuneration of the Executive Board.

The target value for the Group RoE and the target range with an upper and lower threshold value are determined by the Supervisory Board in advance for the next financial year. The target value is aligned with the applicable strategic target returns of Hannover Re at the time that it was determined, which is mapped out on the basis of the risk-free interest on a 5 year average plus an ambitious yield premium.

If the target value for the Group RoE is achieved the attainment of the target for the respective financial year is 100%. If the Group RoE attained is below the lower threshold value then the attainment of the target is 0%. The lower threshold value is determined as the risk-free interest without the yield premium. If the upper threshold of the Group RoE is attained or exceeded the attainment of the target is 200%. An increase in the Group RoE above the upper threshold value will not lead to a further increase in the target attainment. If the Group RoE attained for the respective financial year is between the target value and the determined threshold values, the target attainment is linearly converted.

Target attainment curve Group RoE



The defined target values, the lower and the upper threshold and the resulting target attainment are disclosed ex post in the remuneration report for the respective financial year.

5.2.1.2. Individual surcharge or deduction

By means of an individual surcharge or deduction to the target attainment of the Group RoE the Supervisory Board can also consider the individual contribution of the members of the Executive Board and where necessary the business unit for which he/she is responsible with respect to the result and the attainment of sustainability targets within the context of the STI when focusing on the financial success of Hannover Rück Group. The determination of the amount of the surcharge or deduction, which can move in a range of -25% points to +25%

points is made at the discretion of the Supervisory Board. The criteria and performance indicators to determine the individual premium or deduction are determined by the Supervisory Board in advance for the next financial year and are communicated to the members of the Executive Board.

When determining the surcharge or deduction, the Supervisory Board focuses on the following matrix, where the determination and weighting of the criteria specified there are decided upon at the Supervisory Board's discretion:

Criteria catalogue

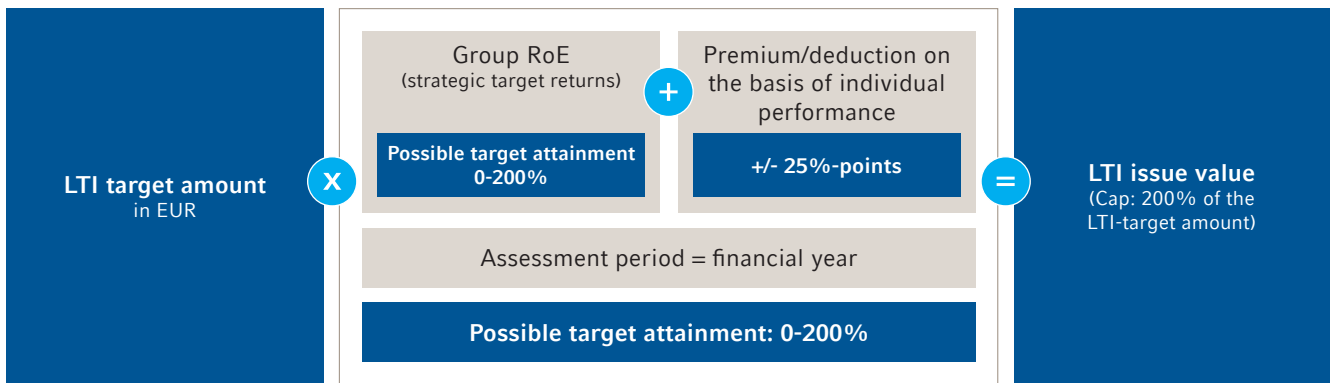
		Chief Executive Officer/Chief Financial Officer		Further Executive Board		
		Criteria	Example key performance indicators	Criteria	Example key performance indicators	
Individual contribution to the result	Performance		<above covered performance target for Group-RoE>	Performance	P&C L&H	IVC IVC
	Dividends		Distribution of dividend of Hannover Rück SE	Dividends	Distribution of dividend of Hannover Rück SE	
	Strategic target		Strategic focus topic	Strategic target	Strategic focus topic	
Sustainability	Leadership/Engagement (OHC)		OHC score OHC score focus area	Leadership/Engagement (OHC)	OHC score OHC score focus area	
	Contribution to sustainability strategy		Key areas from the sustainability strategy	Contribution to sustainability strategy	Key areas from the sustainability strategy	

The defined targets and the resulting target attainment are disclosed ex post in the remuneration report for the respective financial year.

5.2.2. Long-Term Incentive (LTI)

The LTI provides a central contribution to linking the interests of the Executive Board with the interests of our investors. By using relative measurement of success of the performance of the Hannover Rück share, incentives are set for long-term out-performance of our competitors on the capital market.

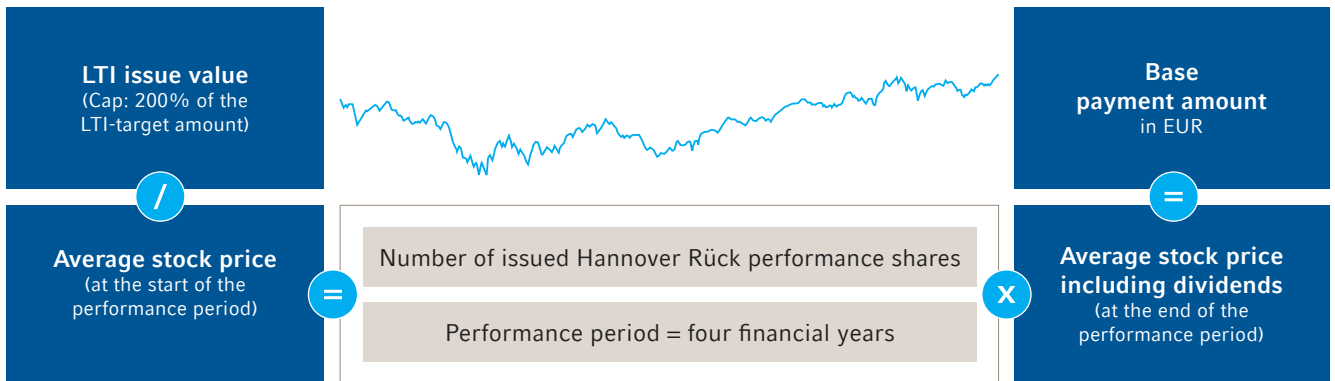
The LTI is administered and incentivised in the form of a performance share plan and, therefore, increases the value of the Hannover Rück shares in the interests of our investors. The amount of the LTI assignment value is based on the contractually agreed LTI target contribution and depends on the target attainment determined within the context of the STI for the financial performance target of Group RoE and the individual surcharge or deduction on the financial performance target for Group RoE.



The number of issued Hannover Rück performance shares is a result of the LTI issue value and the average stock price of Hannover Rück over a period of 15 trading days prior to 15 trading days after the Group annual accounts meeting of the Supervisory Board in the year in which the stocks were granted. The Hannover Rück performance shares have a total term of four years (“Performance period”).

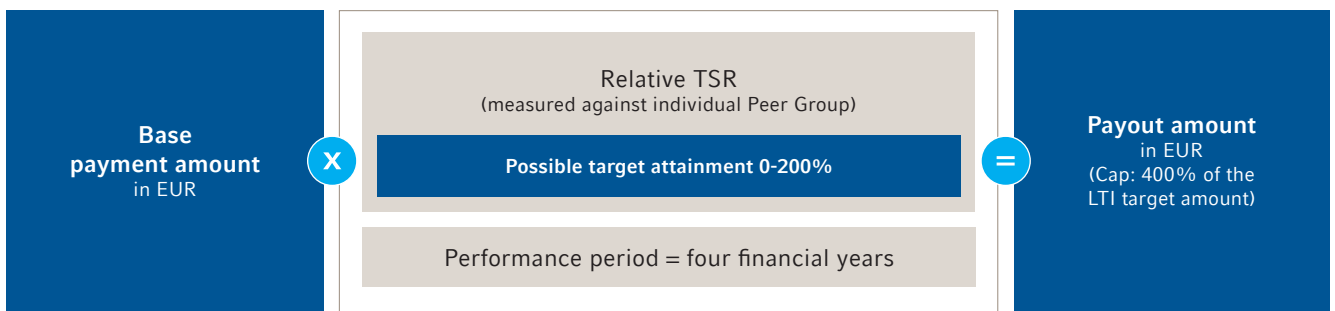
At the end of the four year performance period the base amount for the payment is initially calculated on the basis of the share-

price benchmark of Hannover Rück stocks. This is a result of the allocated number of Hannover Rück performance shares and the average stock price of Hannover Rück over a period of 15 trading days prior to 15 trading days after the Group annual accounts meeting of the Supervisory Board after the expiry of the performance period plus the dividends paid out during the performance period. The value of the performance thus fully reflects the total shareholder return.



The final amount paid out is determined by the base amount for the amount to be paid out and the target attainment of the relative Total Shareholder Return (“relative TSR”) measured against a comparison group. The comparison group for the relative TSR consists of relevant competitors in the insurance and reinsurance industry. The amount to be paid out for the LTI is limited

to 200% of the LTI assignment value and can thus amount to a maximum of 400% of the LTI target amount – provided that all remuneration elements of the maximum remuneration are not exceeded in total in accordance with Section 87a para. 1 sentence 2 No. 1 AktG.



5.2.2.1. Performance target

The significant performance target for the final amount to be paid out for the LTI is the relative TSR. An external performance target aligned with the capital market, is integrated into the variable remuneration on the basis of the relative TSR, which makes it possible to achieve a relative measurement of success and link the interests of the Executive Board and the investors. The relative TSR depicts the development of the Hannover Rück stock price during the four year performance period including gross dividends in comparison with a comparison group consisting of relevant competitors in the insurance and reinsurance industry. This is how the LTI sets incentives to achieve a long-term and sustainable strong performance of Hannover Rück shares on the capital market.

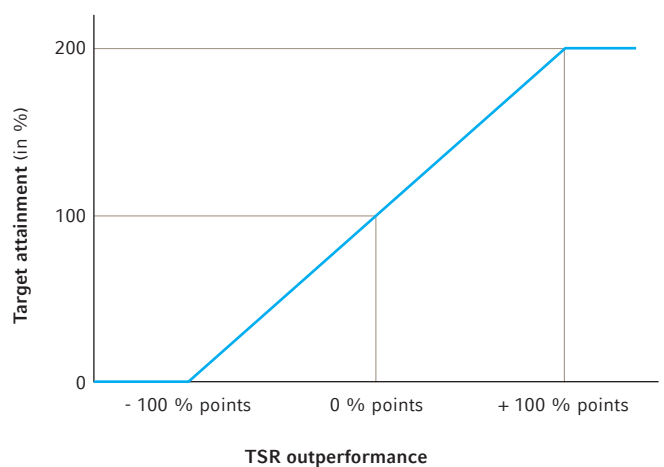
The target attainment for the relative TSR is conveyed by means of a comparison of the TSR of the stocks of Hannover Rück compared with the stocks of the companies in the comparison group during the four year performance period. For this purpose, the TSR of the Hannover Rück share in the respective performance period is contrasted with the unweighted average TSR of the comparison group. The comparison group is checked by the Supervisory Board before the start of each performance period of a new LTI tranche, is adjusted where necessary and disclosed in the remuneration report. It currently consists of the following companies:

Companies in the comparison group

Munich Re	Swiss Re
Everest Re	RGA
Scor	

Should individual companies in the comparison group no longer exist in their current form in future or can no longer be measured as a comparable company, the Supervisory Board can determine a new composition of the comparison group. If the TSR of the Hannover Rück share aligns with the TSR of the comparison group the target attainment for the relative TSR amounts to 100%. Each percentage point by which the TSR of the Hannover Rück share exceeds or falls short of the TSR of the comparison group leads to a corresponding increase or reduction in the target attainment amount (linear scaling). If the TSR of the Hannover Rück share is 100% points or more above the TSR of the comparison group the target attainment for the relative TSR amounts to 200%. A further increase in the relative TSR will not lead to a further increase in the target attainment. If the TSR of the Hannover Rück share is 100% points or more below the TSR of the comparison group the target attainment for the relative TSR amounts to 0%.

Target attainment curve relative TSR



The resulting target attainment is disclosed ex post in the remuneration report upon expiry of the performance period.

6. Terms of the Executive Board contracts of employment and termination options

When appointing members of the Executive Board and when determining the term of contracts of employment for the Executive Board, the Supervisory Board considers the legal stipulation under corporation law and the recommendations of the German Corporate Governance Code. The term of the contracts of employment are aligned with the term of the appointment. The appointment and the dismissal of members of the Executive Board are regulated in Article 39 para. 2 SE Regulation and Sections 84, 85 AktG. There are no deviations from these legal provisions in the Articles of Association. The members of the Executive Board are appointed by the Supervisory Board for a maximum term of five years, for a maximum of three years upon initial appointment. Reappointments are permissible, in each case lasting up to a maximum of five years. The contracts of employment for the Executive Board do not provide for an ordinary right to terminate; the right of both parties to terminate the contract without notice for good cause (Section 626 of the German Civil Code (BGB)) remains unaffected. In the event of premature termination of the appointment the contract of employment for the Executive Board shall also end prematurely.

7. Regulations in the event of a member leaving during the financial year

7.1. Variable remuneration in the event of premature termination of the contract of employment

Short-term incentive, (STI)

If the employment relationship of a member of the Executive Board ends during the course of a financial year for good cause for which the member of the Executive Board is responsible in accordance with Section 626 para. 1 BGB, the participant in the plan has an entitlement to a pro rata amount of STI for this financial year. If the employment relationship of a member of the Executive Board is terminated without notice during the course of a financial year for good cause by the company in accordance with Section 626 para. 1 BGB, any entitlement to STI for this financial year is excluded without replacement and without compensation.

Long-term incentive (LTI)

If the employment relationship or the Executive Board mandate ends prior to the end of the performance period due to reasons other than those stated below prior to the end of a financial year, the participant in the plan has an entitlement to a pro rata amount of LTI for this financial year. In this event the determination and payment of the variable remuneration will normally be made in accordance with the provisions of the conditions of the plan for the LTI. A premature payment of LTI prior to the end of the respective performance period is not provided in such cases. If the employment relationship or the Executive Board mandate ends during the course of the financial year due to the resignation of a member of the Executive Board

(exception: resignation or termination by the member of the Executive Board due to good cause), the refusal to accept an offer of extension of at least equal contractual conditions by the member of the Executive Board (exception: the member of the Executive Board has completed their sixtieth year of their life and has been a member of the Executive Board for two mandate periods), extraordinary termination of the contract of employment without notice of the member of the Executive Board by the company for good cause or withdrawal of the appointment of the member of the Executive Board for good cause within the meaning of Section 84 para. 3 AktG (exception: vote of no confidence by the General Meeting) all conditionally granted Hannover Rück performance shares shall be forfeited without replacement and without compensation.

7.2. Severance pay and change of control

The contracts of employment of the members of the Executive Board do not make any provision for claims for severance pay. Pledges for services by reason of premature termination of the role as member of the Executive Board as a result of a change of control are also not provided for in the contracts of employment of the members of the Executive Board.

7.3. Incapacity for work and death

In the event of a temporary incapacity for work the fixed remuneration will continue to be granted at an unchanged level, at the latest until the end of the contract of employment.

If the member of the Executive Board is permanently incapacitated for work during the term of the employment contract the contract of employment shall end upon expiry of the sixth month after which the permanent state of incapacity for work has been determined, however no later than the end of the contract of employment. Permanent incapacity for work is evident if the member of the Executive Board is probably not going to be able to fulfil the tasks delegated to him on a permanent basis.

Furthermore the contracts of employment for the members of the Executive Board provide for survivor benefits that correspond with the market standard.

8. Secondary employment of members of the Executive Board

Members of the Executive Board require the approval of the Supervisory Board in order to start any secondary employment. This is designed to ensure that neither the remuneration granted for such activities, nor the time invested will lead to a conflict with the tasks pertaining to the Executive Board. If the secondary employment/ancillary activities relate to Supervisory Board mandates or mandates in comparable regulatory bodies these shall be listed in the annual report of Hannover Rück SE.

Along with the remuneration components listed above, any activities carried out for companies in the interests of the company (other mandates at Group companies) shall be compensated. Mandates within the group are mandates at Group companies per se. Mandates outside of the group are also mandates at Group companies unless the Supervisory Board classifies them as non-company-related mandates when approving an acceptance of a mandate. Where a member of the Executive Board receives a salary for company-related mandates directly from the relevant company, such payments will be set off against the remuneration. When approving the acceptance of a non-company-related mandate, the Supervisory Board decides whether and to what extent the remuneration related to this mandate is to be set off.

9. Temporary deviations

In exceptional and unusual circumstances (e.g. in the event of a serious financial or economic crisis) the Supervisory Board has the right to temporarily deviate from the determined remuneration system in accordance with Section 87a para. 2 sentence 2 AktG if this is required in the interests of the long-term well-being of the company. Unfavourable market developments are not deemed to be exceptional and unusual circumstances, which would allow a deviation from the determined remuneration system.

Even where a deviation from the determined remuneration system is made, the remuneration must continue to be aligned at a level to ensure long-term and sustainable development of the company and be consistent with the success of the company and the performance of the Executive Board.

In the circumstances mentioned a deviation from the remuneration system is only possible by means of a corresponding resolution being passed by the Supervisory Board, which would assess the unusual circumstances and the necessity for the deviation. A temporary deviation from the remuneration system is possible with respect to the following components: Performance targets for the annual and perennial variable remuneration and the ranges of possible target attainment of the individual elements of the variable remuneration. If the incentive of the Executive Board remuneration is not adequately restored by means of an adjustment to the existing remuneration components the Supervisory Board also has the right in the case of unusual developments under the same conditions to temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components.

The remuneration of the members of the Supervisory Board and corresponding changes to the Articles of Association

In accordance with Section 113 para. 3 of the German Stock Corporation Act as amended by the Act Implementing the Second Shareholder Rights Directive (ARUG II), a resolution is to be passed at the General Meeting concerning the remuneration of Supervisory Board members at least every four years in the case of listed companies. The initial resolution must be made by the end of the first ordinary General Meeting, which will take place on 31 December 2020.

Article 14 of the Articles of Association provides that the General Meeting determines the remuneration of the Supervisory Board. The currently valid remuneration regulation for the Supervisory Board was thus adopted by the General Meeting of 7 May 2013. This regulation provides for an annual fixed remuneration of EUR 30,000.00 and a variable remuneration of a maximum of EUR 30,000.00 in addition to the reimbursement of expenses and attendance fees.

Based on the remuneration system for Supervisory Board members set out below under (a), the remuneration of the Supervisory Board shall be revised with effect from 1 January 2021 and regulated directly in Article 14 of the Articles of Association to improve transparency.

In addition, in accordance with the suggestion from the German Corporate Governance Code the members of the Supervisory Board shall only receive fixed remuneration in future. Due to the significantly increased volume and scope of work and the associated time spent by Supervisory Board members on this workload this remuneration should be increased in comparison to the current remuneration and in future will amount to EUR 75,000.00.

The remuneration of the chairman of the Supervisory Board and his deputy should in the future amount to two-and-a-half times or one-and-a-half times the basic remuneration respectively, which will lead to an increase in the remuneration of the chairman.

The remuneration for the work carried out in the Finance and Audit Committee should be increased from the current level of EUR 15,000.00 to EUR 25,000.00 due to the increased scope of the work and associated workload and the continuously growing demands on the company and committee members, the same applies for the remuneration for the work carried out in the Standing Committee. This should be increased from EUR 7,500.00 to EUR 15,000.00. The remuneration for the chairman of a committee should also account for double the abovementioned amounts.

In view of the proposed increase, the customary nature of the remuneration is reviewed in comparison to other, comparable companies (horizontal comparison). Companies from the DAX and MDAX are used as a comparison group for the horizontal comparison of remuneration. The proposed increase in remuneration is, therefore, appropriate overall.

The attendance fee shall continue to only be paid once in the event that several meetings take place on one day and shall continue at the level of EUR 1,000.00.

The Supervisory Board and Executive Board propose to pass the following resolution:

a. System of remuneration for members of the Supervisory Board

The system of remuneration for members of the Supervisory Board is aligned to the statutory requirements and takes into consideration the specifications of the German Corporate Governance Code. The remuneration of members of the Supervisory Board should be balanced overall and be proportionate to the responsibility and duties of members of the Supervisory Board as well as to the company situation, where the remuneration regulations of comparable listed companies should also be taken into consideration.

Members of the Supervisory Board should receive a fixed remuneration in order to increase the independence of the Supervisory Board and achieve an objective and neutral perception of the monitoring and advisory functions it performs.

In accordance with the recommendation of the German Corporate Governance Code, the extra time invested by the chairman and the deputy chairman of the Supervisory Board and the chairmen and members of the committees should be given appropriate consideration by means of corresponding additional remuneration. The chairman of the Supervisory Board should, therefore, receive two-and-a-half times the basic remuneration of a standard member of the Supervisory Board, the deputy chairman should receive one-and-a-half times the basic remuneration. The chair of a committee should receive double the amount of remuneration that a committee member receives.

Supervisory Board members who are only a member of the Supervisory Board for a part of the financial year should receive the remuneration on a pro rata basis. This should apply accordingly for memberships in Supervisory Board committees.

An appropriate additional level of remuneration should be provided for the work in the Finance and Audit Committee and in the Standing Committee, taking into consideration the time required for these responsibilities.

An attendance fee should only be paid once per day in the event of multiple meetings on the same day, where participation in such meetings via telephone, video conference or equivalent forms of communication should also entitle the member to an attendance fee.

The company shall also reimburse each member of the Supervisory Board for his expenses and value added tax to be paid on his salary, if such tax is payable.

The regulations pertaining to remuneration and the remuneration system should be regularly reviewed by the Supervisory Board to assess their appropriateness. External consultants may also be consulted for this process. This process should take place at least every four years and in the case of proposals being received to amend the remuneration regulations the General Meeting shall pass a resolution on the remuneration of Supervisory Board members. The General Meeting can endorse the existing system pertaining to the remuneration of the Supervisory Board or pass a resolution for the amendment thereof.

b. The new Article 14 set out below shall be inserted into the Articles of Association, repealing the previous Article 14:

“Article 14 Supervisory Board remuneration

1. The members of the Supervisory Board receive an annual fixed remuneration as well as reimbursement for their expenses. The chairman receives two-and-a-half times the standard fee, the deputy receives one-and-a-half times the standard level of remuneration.
2. The remuneration for the members of the Supervisory Board will be determined for the first time for the financial year 2021 and will be set at EUR 75,000.00 per member until further notice. The remuneration for the chairman will amount to EUR 187,500.00, the remuneration for the deputy chairman of the Supervisory Board will amount to EUR 112,500.00. Supervisory Board members who are only a member of the Supervisory Board for a part of the financial year will receive the remuneration on a pro rata basis. This applies accordingly for memberships of Supervisory Board committees.
3. The remuneration for the members of the Finance and Audit Committee will be determined for the first time for the financial year 2021 and will be set at EUR 25,000.00 per member until further notice. The remuneration for the members of the Standing Committee of the Supervisory Board will be determined for the first time for the financial year 2021 and will be set at EUR 15,000.00 per member until further notice. The chairman of the committee will receive twice this amount.

4. The members of the Supervisory Board will be paid an attendance fee of EUR 1,000.00 for participating in Supervisory Board meetings and for participating in meetings of Supervisory Board committees along with reimbursement of their expenses.
5. The remuneration components mentioned under paragraph 2 and paragraph 3 for a financial year will become due after the General Meeting, which will pass a resolution concerning the discharging of the Supervisory Board for the relevant financial year. The attendance fee mentioned under paragraph 4 will become due at the start of the relevant meeting and will be transferred to the members of the Supervisory Board as well as the remaining remuneration components. If two or more meetings of the Supervisory Board or its committees fall on one day a total of only one attendance fee shall be owed. The company reimburses any value added tax payable on remuneration and attendance fees, where such tax is incurred.”

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