

**somewhat
different**

**Sustainability Strategy
2021–2023**

About us

Hannover Re, with gross premium of more than EUR 22 billion in 2019, 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 150 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 Rück very good financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

Content

Our Mission	3
Our Action Fields	4
Transparency	5
Core business	6
Employees	7
Commitment	8

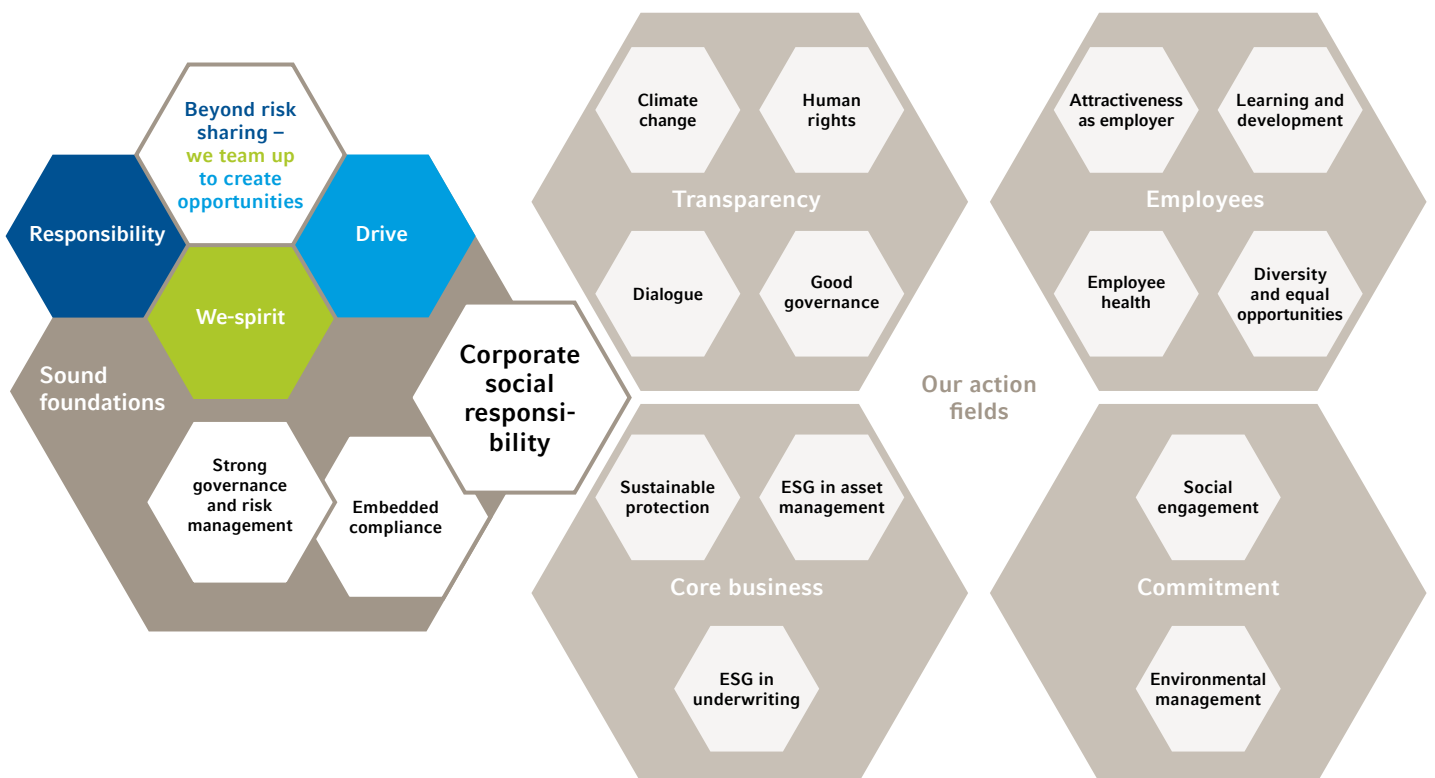
Our Mission

Sustainability is more than just a buzzword for Hannover Re. It is the challenge of promoting intragenerational justice and helping people all over the world to protect themselves against risks. It is the intention to bequeath a liveable world to subsequent generations. It is the drive to be a valuable part of society and deliver a positive contribution. It is the promise to be a reliable and enduring business partner and an attractive employer. And, it is the goal of minimising our own risks through actions grounded on prudence and integrity. It is our fundamental attitude.

Our values and our purpose

Our conception of sustainability is an essential part of our Group strategy, as expressed in our purpose, our values and our robust foundation.

In 2019 we elaborated our purpose “Beyond risk sharing – we team up to create opportunities” and our values “Responsibility, We-spirit and Drive” in a participatory process involving some 560 employees from all areas and locations worldwide. The outcome reflects our conviction that the pursuit of profit alone is not sufficient to lead a company successfully into the future.



Our foundation

In response to our entrepreneurial challenges and societal duties, our Group strategy is grounded on sound corporate governance and risk management combined with compliance and corporate social responsibility.

Compliance goes well beyond mere adherence to legal requirements. Our Group-wide understanding of ethics and integrity defines our basic approach to taking entrepreneurial decisions and addressing our employees, customers, investors and other stakeholders. Ethics and integrity are enshrined in our values and our Code of Conduct. We promote actions grounded on ethics and integrity, not only within but also beyond the sustainability initiatives that we have embraced. They radiate across the entire spectrum of our actions.

Risk management and corporate governance are core elements of our commercial success and justify the trust placed in us by our employees, investors, customers and other market players. They are embedded in all business processes and constitute key aspects of our sustainability strategy.

The deliberate and calculated assumption of risks forms part of our original business model. These risks often exist over a period of years. Our customers from the primary insurance sector and our investors rely on us to conduct our business in a manner that is prudent, forward-looking and risk-aware. It is also noteworthy that we operate in a heavily regulated environment.

In the context of our risk management, we also consider risks that can arise in connection with environmental, social or governance issues (ESG risks) and are increasingly affecting already existing risk categories. These include, among others, risks associated with climate change, emerging risks and reputational risks. Climate change, for example, is closely connected with physical risks – including an increased intensity and frequency of natural catastrophes – and/or transitory risks, which can arise as part of the transformation to a low-carbon economy. Both need to be considered, evaluated and managed. As far as reputational risks are concerned, taking due account of ESG concerns is one of the best possible ways to avoid reputational damage and an associated loss of trust among our stakeholders. Conversely, the measures enshrined in the sustainability strategy are key tools for avoiding reputational risks. It stands to reason, then, that risk management and sustainability are closely interlinked.

Our business model

Insurance is per se a business model designed for sustainability. In our business activities as a reinsurance undertaking, we make a valuable contribution to sustainable development. Protecting people and their property is a core task of the insurance industry. The second task consists of safeguarding investment risks, without which progress would not be possible. Through our range of solutions, we enable a large number of people to access tools for individual risk minimisation or mitigation. We support rapid rebuilding after natural disasters and assure the restoration of livelihoods. Yet, we do much more than this: we cultivate an ongoing dialogue with our primary insurance clients and support them in their efforts to offer their customers optimally tailored solutions. And, last but not least, insurance products foster risk awareness among the population and reinsurance promotes risk awareness on the part of companies and primary insurers. To this extent, they too are core elements of sustainable action.

Our Action Fields

We have derived our sustainability strategy from our Group strategy and its foundations. It describes at greater length core elements of our sustainable actions and our contribution to a transformation into a sustainable future.

For the strategy cycle 2021-2023, the existing material topics were reviewed and updated as part of an enterprise-wide process, and the four strategic action fields were revised. Goals were defined for all action fields. Our specialist units formulated measures to support fulfilment of these goals in our holistic management system Performance Excellence 2.0, which is based on the Excellence Model of the EFQM (European Foundation for Quality Management). We shall report on these measures and the achievement of our goals at least annually.

Transparency

Our action field of transparency encompasses voluntary commitments and fundamental issues with implications for all other action fields.

Slowing the pace of climate change and mitigating its impacts as well as living up to duties of care in matters of human rights are major social concerns in which Hannover Re also has a part to play. These cross-cutting issues are found in all action fields, with goals and measures put in place to support them.

Under the term “good governance” we subsume all measures that relate to responsible enterprise management and contribute to our values. We take as a basis the German Corporate

Governance Code as well as our company’s own Corporate Governance Principles. It is our expectation that our employees, and especially our managers, will rigorously adhere to our Code of Conduct, which applies worldwide. Through our ethical and social standards, we ensure integrity in interactions with our business partners, employees, shareholders and the public at large both in the context of our company’s strategic orientation and in our day-to-day business.

The trust of our stakeholders is a vital precondition for our entrepreneurial success. We therefore strive to maintain an active ongoing dialogue. In this connection, we report regularly and transparently on relevant issues.

Goal	Target indicator
Climate change	
Supporting the goals of the Paris Agreement on climate change	Definition of measures to reduce emissions, enhance transparency, increase adaptability and mitigate the impacts of climate change in the action fields
Human rights	
Living up to duties of care in matters of human rights	Definition of measures in conformity with the United Nations Guiding Principles on Business and Human Rights
Dialogue	
Raising the level of transparency in relation to ESG issues	Integration of additional, ESG-relevant report content by 2023
Positioning as a sustainable investment on the capital market	Listing in at least two sustainability index families
Good governance	
Ensuring that the organisation is compliant	Average compliance score corresponding at a minimum to the targeted maturity level

Core business

How we organise our core business serves as vital leverage for our contribution to the sustainable development of our world.

Under the term “sustainable protection”, we bring together all our activities that support the transformation to a sustainable world. This includes all solutions for population groups that have previously had insufficient insurance protection or could only obtain it with difficulty, insurance offerings that mitigate the impacts of natural disasters or climate change or involvement in sustainable technologies. It also includes an intensive dialogue and knowledge transfer with primary insurance companies, business partners or insurtechs as well as participation in initiatives or research projects that promote these goals.

We understand ESG aspects in the underwriting business to mean all measures that alleviate any adverse impacts of our core business on sustainability. Obligatory treaties, under which we reinsure entire insured portfolios of our customers (cedants), account for a large share of our business. Given that obligatory reinsurance does not permit scrutiny on a case-by-case basis, we rely on a dialogue here with our customers when it comes to sustainability issues. On the facultative side, by contrast, we are able to exert a direct influence and steer our reinsurance activities accordingly.

Our investment strategy is designed, among other things, to generate a commensurate market return in the interests of our customers and shareholders. In this context, we emphasise the responsible management of our assets by consciously incorporating ESG criteria into our investment policy.

Goal	Target indicator
Sustainable protection	
Further expanding insurance protection for emerging and developing countries in relation to extreme weather events and natural disasters	Expansion of NatCat aggregates in emerging and developing countries to close the protection gap
Expanding sustainable insurance solutions to mitigate the impacts of climate disasters and natural catastrophes	Discussion and review of at least five programmes and initiatives by 2023
Promoting the development of actuarial methods for the assessment of risks from natural perils and climate change	Active involvement in various initiatives and events
Advancing a global energy transition through the reinsurance of renewable energy sources	Increase of 60% in the facultative premium volume for renewable energies by 2023
Expanding insurance protection for previously inadequately insured population groups in the Life & Health sector	Premium growth in developing and emerging countries in the Life & Health sector by 2023 (compared to the base year of 2019)
Supporting our primary insurance partners with the (further) development of sustainable insurance solutions in the Life & Health sector	Expanded reinsurance of longevity risks, especially outside the United Kingdom, by 2023
ESG in underwriting business	
Integrating ESG criteria into the underwriting policy for the facultative reinsurance department	Approval and adoption of an internal framework by 2023
No new business in the insurance of individual risks in coal-fired power plants or mines for thermal coal	No underwriting of facultative new business in coal-fired power plants or mines for thermal coal with immediate effect
Reducing the CO ₂ load in connection with coal-fired power plants or mines for thermal coal in obligatory insurance portfolios	Phased withdrawal according to step-by-step plan – completion of the evaluation phase and beginning of the implementation phase by 2023; complete withdrawal by 2038
ESG in asset management	
Reducing the CO ₂ load in the asset portfolio	Reduction of 10% by 2023
Excluding issuers that violate ESG principles	Screening of the defined portfolio, regularly
Expanding investments that support the sustainable transformation	Measurable expansion by 2023
Signing the Principles for Responsible Investment	Signing by 2023

Employees

Motivated and well-trained employees are a crucial factor in the success of our company. Our goal is to find such individuals, retain them and offer them a work environment in which they can continue to grow both personally and professionally. We want to be the “employer of first choice” for existing and potential future employees alike.

Our holistic approach is reflected in our talent management. We want to optimally deploy and support our staff at all our locations. At the same time, we create working conditions that accommodate as far as possible the various individual circumstances of our employees. We also include here all measures put in place to promote the health and wellness of our workforce.

Diversity and equal opportunities are a top priority for us. This means not only promoting an employment climate free of discrimination, but also recognising the need to bring personal and professional life into a harmonious balance. We want to expand structures that foster the compatibility of career and family and cater to a range of different lifestyles and living concepts.

Goal	Target indicator
Attractiveness as an employer	
Recruiting, identifying, developing and retaining performance-driven employees according to requirements	Conceptual design and further refinement of powerful branding and recruitment systems by 2023
Cultivating and developing global mobility	Adoption of a Global Mobility Guideline by 2023
Learning and development	
Supporting the lifelong learning of employees around the world	Alignment of our (ongoing) training activities with the values and core competencies of Hannover Re and expanded reporting through the worldwide programme of continuing training by 2023
Identifying and fostering high-potentials and assuring successors for key positions	Optimisation of Group-wide talent reviews with a focus on development planning by 2023
Employee health and wellness	
Promoting the health and performance of employees around the world	Expansion of programmes to promote health and wellness by at least 10% by 2023
Diversity and equal opportunities	
Increasing diversity on all managerial levels, especially in relation to women	Gender-neutral new appointments / replacements (50/50) for all vacant leadership positions on all managerial levels worldwide
Enhancing equal opportunities through measures to support the compatibility of career and family	Worldwide programme of mobile working by 2023

Commitment

We take responsibility for the environment and the social landscape in which we operate.

The focus of our efforts to protect the environment is on reducing CO₂ emissions through the sustainable supply of power and heat to our premises, environmentally friendly travel options and working practices that conserve resources.

In addition to activities at the Hannover location, our social commitment extends to projects undertaken by our subsidiaries to address social concerns in their respective countries. In terms of content, our support is focused on the areas of research, teaching, art and culture as well as on encouraging the voluntary social engagement of our staff.

Goal	Target indicator
Environmental management	
Reducing greenhouse gas emissions at the Hannover location	Reduction of greenhouse gas emissions at the Hannover location by 25% per employee by 2023 (compared to the base year of 2019)
Increasing transparency around greenhouse gas emissions at the worldwide locations	Expansion of data recording for relevant environmental aspects to at least 75% of the global workforce by 2023
Reducing greenhouse gas emissions and offsetting the remaining emissions at the worldwide locations	The locations for which data is recorded are to be operated with a net zero carbon footprint
Social commitment	
Expanding corporate citizenship	Increase of 20% in the existing budget by 2023

