

somewhat
different



Sustainability Report 2020

hannover **re**[®]

We face up to future challenges with our “somewhat different” approach. Our purpose and our values reflect a robust corporate culture founded on partnership. Our strategy combines the proven strengths of our business model with ambitious future prospects:

As we seek to further extend our market position among the top reinsurers, we systematically cultivate segments that offer considerable future potential – for ourselves and our clients.

Together we create opportunities.

Somewhat different.

About us

Hannover Re, with gross premium of more than EUR 24 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 Rück very good financial strength ratings: Standard&Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

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Foreword from the Executive Board

102-14, UNGC

Ladies and gentlemen,

It is my great pleasure to write a few introductory words of welcome to you, the readers of our Sustainability Report 2020.

There can be no doubt that 2020, just like the early months of 2021, was dominated by the Covid-19 pandemic and its far-reaching consequences. Our sympathies go out to everyone who has lost family or friends to the coronavirus or been otherwise impacted, whether physically or economically. At the same time, we are extremely grateful that the effects on our employees, whom we have done our utmost to support with a range of measures, have so far been moderate.

As a reinsurer, we also play a part in mitigating the consequences of Covid-19 by supporting clients in our accustomed role as a partner, by quickly and reliably living up to our coverage commitments and – in very concrete terms – by providing specific reinsurance protection, inter alia to cover the transportation and storage of vaccines and medical equipment around the world.

As far as our business operations are concerned, we have come through the crisis well overall thanks to our robust risk management. In the 2020 financial year the effects were felt primarily in the result posted by our property and casualty reinsurance business group. The amounts paid out and set aside here for Covid-19-related losses came to altogether EUR 950 million for net account and affected above all the lines of business interruption, trade credit and event cancellation insurance. In life and health reinsurance the payments and reserves for expected losses from the Covid-19 pandemic totalled EUR 261 million.

As vaccination campaigns pick up steam there are now increasing signs of the situation easing in some countries. This should not, however, obscure the fact that the virus continues to devastate many parts of this world and inflict terrible suffering; what is more, the progression of the pandemic going forward and increasing mutations mean that we must all remain watchful.

It is likely that the Covid-19 pandemic will trigger a global shift towards greater environmental, economic and social sustainability. For one thing has again been clearly demonstrated: nature, people and the economy are directly interlinked on a global scale, and the balance between them is of fundamental importance. Issues such as social justice, climate change and a decline in biodiversity therefore require our unwavering attention – in our thoughts and actions, and indeed in our risk management systems.

Sustainability has a long tradition at Hannover Re. For us as a company and for me as Chief Executive Officer, 2020 was an especially eventful year in which we once again significantly stepped up our sustainability activities.

Having joined the United Nations Global Compact (UNGC) in May 2020, we are expressly committed to its Ten Principles and intend to support them on an ongoing basis. As part of the present publication, we are reporting for the first time on our progress. Furthermore, we signed up to the UN Principles for Responsible Investment (PRI) in 2020 and the UNEP FI Principles for Sustainable Insurance (PSI) in 2021 and we have also become a member of the United Nations Environment Programme Finance Initiative (UNEP FI).

With a view to managing our own actions we reviewed and refined our materiality analysis in the spring of 2020 and added the important issues of human rights and climate change. In the autumn, based on this analysis, we defined our Sustainability Strategy 2021-2023 in which we address all material topics and assign them goals and target indicators.

In our action field “Sustainable Protection” we have again set ourselves goals that support the transformation towards a sustainable world. This includes all measures to close the insurance protection gap, and also the reinsurance of renewable energy sources and innovative insurance solutions as well as our participation in various initiatives. In this connection I would like to make special mention of my inclusion in the Steering Committee of the Insurance Development Forum (IDF), a

role that I take on with considerable enthusiasm and pride. For quite some time now, the IDF has sought to increase insurance protection in particularly vulnerable regions and strengthen the resilience of individuals, communities, companies and institutions – all aspirations that are very close to my own heart too.

At the same time, we further reduced our environmental impacts and introduced even tighter exclusions in facultative reinsurance business in 2020. Not only that, our facultative department drew up policies on a number of ESG (environmental, social, governance) topics and supported them with training sessions and focus workshops at locations around the world. In our investments we have been applying exclusion criteria since as long ago as 2012, and starting in 2019 we additionally adopted best-in-class and impact investment approaches. Furthermore, in 2021 we approved a climate strategy for our asset management that envisages a reduction of 30% in carbon emissions by the year 2025, among other things.

In our own business activities at the Hannover location we have already been operating with a net zero carbon footprint since 2016. We are currently putting in place the necessary conditions for being able to determine the emissions of our international locations as well. This is done with the stated objective of reducing carbon emissions to the best of our ability through awareness-raising and conservation efforts or, where this is not possible, by entirely offsetting them.

Finally, my colleagues on the Executive Board and I have decided to further strengthen our governance in relation to ESG issues. In May 2021, therefore, we established a function for the central management of cross-cutting sustainability issues as well as a supporting multidisciplinary ESG Management Team. Collaboration between the various units involved has also been stepped up.

It is thanks in part to all these measures that in the 2020 reporting year and indeed in 2021 we have been able to achieve further improvements in our evaluations from ESG rating agencies and our good ratings have been confirmed.

Much has happened, dear readers, and I very much hope that I have been able to whet your appetite for the report or even pique your curiosity. I wish you some interesting and thought-provoking reading.

With kind regards,

Yours,



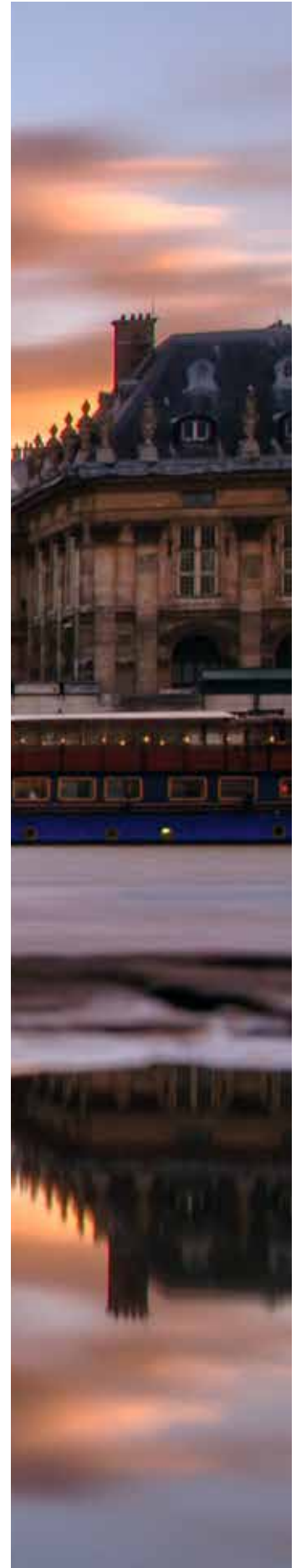
Jean-Jacques Henchoz
Chairman of the Executive Board





Foundations

Sustainable action is not static, but must be engaged in dynamically and in consideration of changing frame conditions. In conformity with the Group Strategy, therefore, Hannover Re also formulates sustainability goals and implements corresponding measures. Hannover Re's aim is to achieve commercial success on the basis of a results-driven business model in accordance with the needs of its staff and society as well as with an eye to protecting the environment and conserving natural resources. In the course of "striving for sustainable outperformance", we have defined governance, risk management, compliance and corporate social responsibility as the foundations to pursue our business growth as a trusted global reinsurance partner.



Foundations

Company Portrait

About us

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 102-45

Hannover Rück SE is a European Company, Societas Europaea (SE), based in Hannover, Germany. With gross premium of more than EUR 24 billion, it is the third-largest reinsurer in the world. Established in 1966, the Hannover Re Group today encompasses more than 170 subsidiaries, branches and representative offices worldwide. Based on our global network, we offer our business partners and primary insurance clients around the world traditional, individually tailored and innovative reinsurance solutions and we open up new business opportunities. We transact all lines of property & casualty and life & health reinsurance. Our subsidiary E+S Rückversicherung AG (E+S Rück), as the dedicated “Reinsurer for Germany”, additionally offers a range of products and services focused on the specific features of the German market.

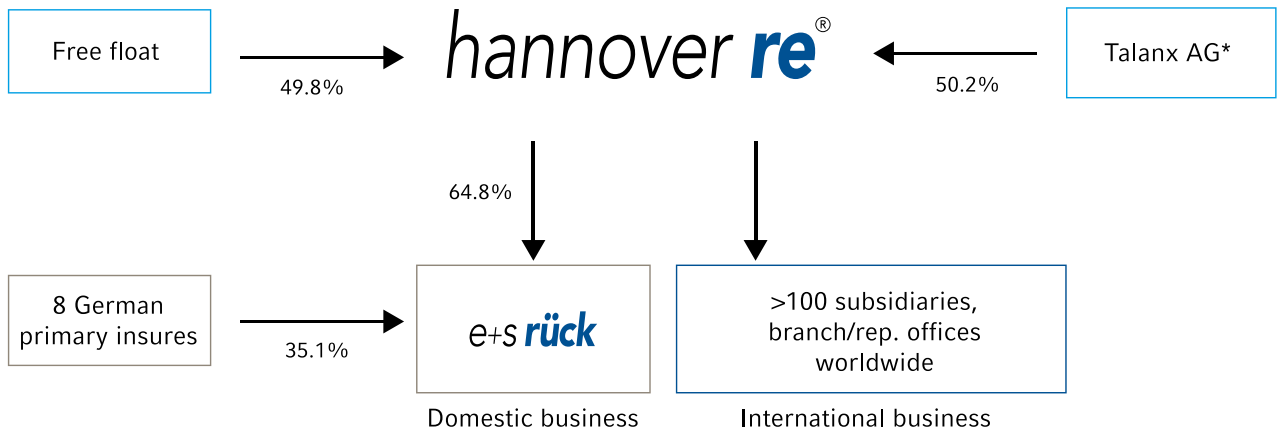
Hannover Rück SE is listed in the Prime Standard of the German stock exchange.

In the Property & Casualty reinsurance business group we offer competitive conditions and appropriate capacities for all types of risks in the property and casualty lines. We consider ourselves a reliable, flexible and innovative reinsurer that ranks among the best of its peers in any given market. Cost leadership, effective cycle management and superlative risk management are the key elements of our competitive positioning.

We split our business in life and health reinsurance into the categories of financial solutions and risk solutions. Our risk solutions offer competitive conditions and adequate capacities for all types of technical risks in the areas of longevity, mortality and morbidity. Our financial solutions involve structured reinsurance solutions that go beyond the traditional risk transfer and help our customers to achieve certain financial goals, e.g. through solvency or capital relief.

Group structure supports the business model

S 01



* Majority shareholder HDI V.a.G.

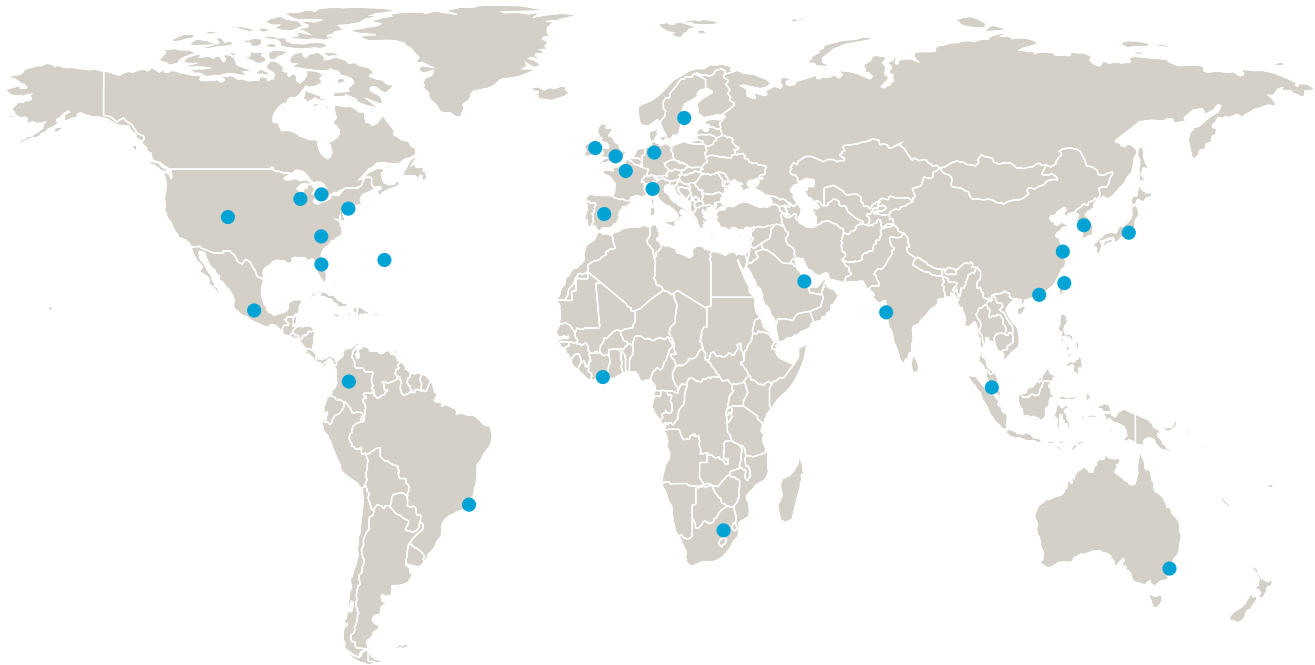
The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück very good financial strength ratings: Standard & Poor’s AA- “Very Strong” and A.M. Best A+ “Superior”. Along with our excellent financial strength ratings, our high degree of diversification,

balanced risk management and comparatively low administrative expense ratio by industry standards all play a part in our enduring success.

Hannover Re operates at different locations worldwide.

Hannover Re operates at locations worldwide

S 02



102-45: A complete list of our shareholdings is provided on page 177 et seq. of the notes to the Group Annual Report 2020. The addresses of the Hannover Re Group’s international locations are to be found from page 271 onwards.

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

Value chain

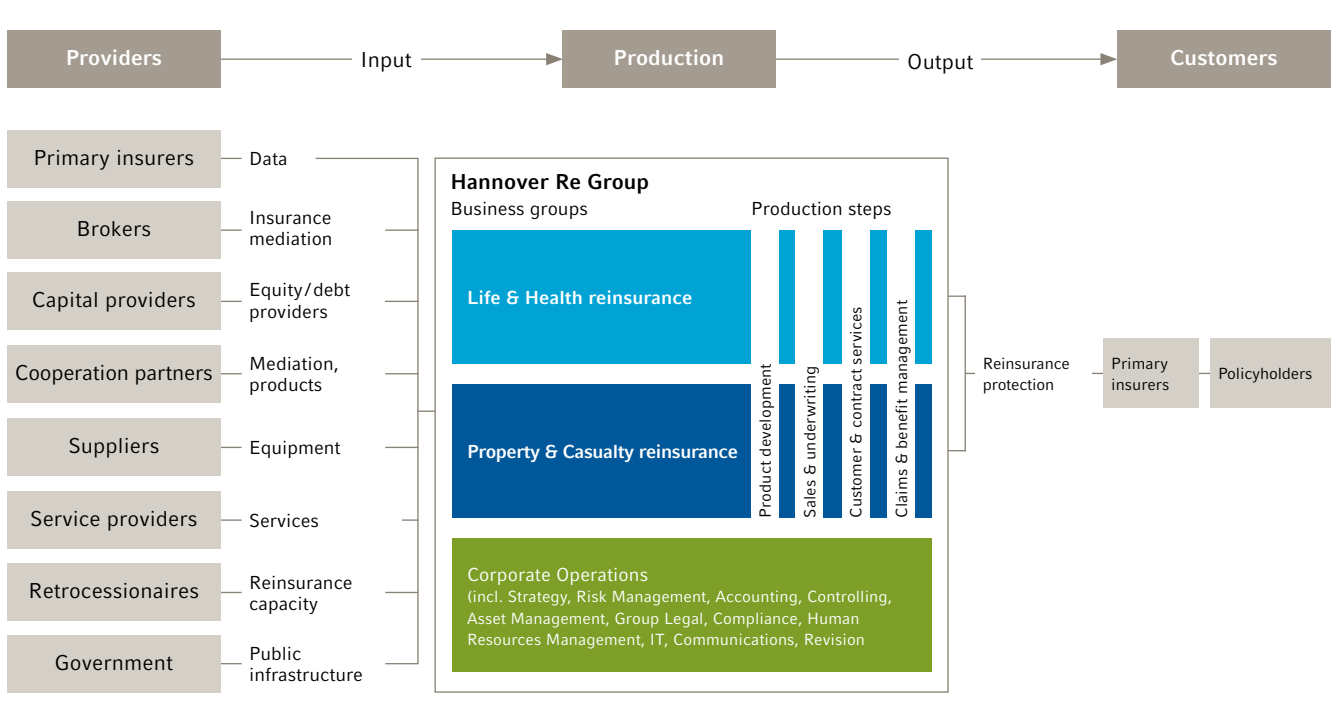
102-9

The figure below sets out in simplified form the key elements of the Hannover Re Group’s value chain. In the interests of transparency we have concentrated on the operational reinsurance business. In general terms, though, the Hannover Re

Group offers a range of additional services above and beyond this.

The actual “production”, in other words the generation of reinsurance protection and services, first requires an “input”. This encompasses first and foremost all products, services and other performances (data, services etc.).

A special feature of a reinsurer’s value chain is that the primary insurance customer participates in production inasmuch as it is required to make available information relevant to contract formation.



Business performance

102-7

The markets for property & casualty and life & health reinsurance have been intensely competitive for quite some years. As a further factor, results in property and casualty reinsurance have been affected by considerable losses from natural catastrophes in recent years. On top of this, in the 2020 financial year the Covid-19 pandemic and its associated impacts presented a further challenge for insurers and reinsurers alike that spanned multiple lines of business. At Hannover Re, we play our part in mitigating the consequences of Covid-19 by supporting clients in our accustomed role as a partner and by quickly and reliably living up to our coverage commitments.

Against this backdrop, Hannover Re can look back on an exceptional financial year 2020 in which we demonstrated our high level of reliability for our customers and at the same time our robust risk-carrying capacity and profitability. Despite the considerable payments made to our clients, we were able to report a good Group profit of EUR 883.1 million (previous year: EUR 1,284.2 million) and even expanded our shareholders' equity.

It was first and foremost the performance of our Property & Casualty reinsurance business group that was affected by the impacts of the Covid-19 pandemic in the financial year just ended. The payments and amounts reserved in property and casualty reinsurance for Covid-19-related losses came to altogether EUR 950 million net and are attributable primarily to

the insurance lines of business interruption, trade credit and event cancellation. Particularly owing to the strains from the pandemic, our expenditures for large losses – including those from natural disasters and human-caused losses – exceeded our budget expectations by EUR 620 million.

Our Life & Health reinsurance business group was similarly impacted by the effects of the Covid-19 pandemic, albeit to a far lesser extent than in property and casualty reinsurance. Altogether, the paid losses and reserves relating to Covid-19 in life and health reinsurance amounted to EUR 261 million – the bulk of which stemmed from illnesses and deaths in the United States, our largest single market. Leaving aside the pandemic-related losses, business developed in line with our expectations.

The investment income generated by Hannover Re showed pleasing stability despite the turmoil on capital markets and thus played an important part in the good overall result for the year under review. The return on investment stood at 3.0% and thus came in higher than our target level of around 2.7%.

Our gross premium increased by 9.6% to EUR 24.8 billion (previous year: EUR 22.6 billion); at constant exchange rates growth would have reached 12.0%. Net premium earned rose by 8.2% to EUR 21.4 billion (previous year: EUR 19.7 billion). The operating profit (EBIT) declined by 34.5% to EUR 1.2 billion (previous year: EUR 1.9 billion). Earnings per share stood at EUR 7.32 (previous year: EUR 10.65).

The equity attributable to our shareholders rose to EUR 11.0 billion (previous year: EUR 10.5 billion) as at 31 December 2020. The total policyholders' surplus (including non-controlling interests and hybrid capital) amounted to EUR 14.1 billion (previous year: EUR 13.6 billion). The book value per share reached EUR 91.17 (previous year: EUR 87.30). The return on equity stood at 8.2% (previous year: 13.3%).

The Annual General Meeting on 5 May 2021 resolved to distribute a dividend of EUR 4.50 per share for the 2020 financial year. The resulting payout ratio of 61% of Group net income is significantly above the strategic target ratio of 35% to 45%.

The market capitalisation of the Group as at the end of the financial year amounted to EUR 15.7 billion and was thus EUR 5.1 billion – or -24.5% – lower than the previous year's figure of EUR 20.8 billion.

Hannover Re employed 3,218 members of staff (previous year: 3,083) Group-wide at the reference date of 31 December 2020.

For further information we would refer to our Group Annual Report 2020.

Key financial indicators

S 04

in EUR million	2020	+/- previous year	2019	2018	2017	2016 ¹
Results						
Gross written premium	24,765.5	+9.6%	22,597.6	19,176.4	17,790.5	16,353.6
Net premium earned	21,355.9	+8.2%	19,729.7	17,289.1	15,631.7	14,410.3
Net underwriting result ²	(693.7)		(9.7)	156.9	(253.6)	448.1
Net investment income	1,688.1	-3.9%	1,757.1	1,530.0	1,773.9	1,550.4
Operating profit (EBIT)	1,214.1	-34.5%	1,853.2	1,596.6	1,364.4	1,689.3
Group net income	883.1	-31.2%	1,284.2	1,059.5	958.6	1,171.2
Balance sheet						
Policyholders' surplus	14,071.0	+3.5%	13,588.9	11,035.1	10,778.5	11,231.4
Equity attributable to shareholders of Hannover Rück SE	10,995.0	+4.4%	10,528.0	8,776.8	8,528.5	8,997.2
Non-controlling interests	844.4	+2.2%	826.5	765.2	758.1	743.3
Hybrid capital	2,231.6	-0.1%	2,234.4	1,493.1	1,492.0	1,490.8
Investments (excl. funds withheld by ceding companies)	49,220.9	+3.3%	47,629.4	42,197.3	40,057.5	41,793.5
Total assets	71,439.8	+0.1%	71,356.4	64,508.6	61,196.8	63,594.5
Ratios						
Combined ratio (property and casualty reinsurance) ²	101.6%		98.2%	96.5%	99.8%	93.7%
Large losses as percentage of net premium earned (property and casualty reinsurance) ³	11.2%		7.5%	7.9%	12.3%	7.8%
Retention	90.1%		90.0%	90.7%	90.5%	89.3%
Return on investment (excl. funds withheld by ceding companies)	3.0%		3.5%	3.2%	3.8%	3.0%
EBIT margin ⁴	5.7%		9.4%	9.2%	8.7%	11.7%
Return on equity (after tax)	8.2%		13.3%	12.2%	10.9%	13.7%

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

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 keeping with our corporate values, we deliver added value that goes above and beyond pure risk coverage. We aim to do this on a partnership basis and as a global team. At the same time, we see ourselves in a proactive role as an innovation partner for our clients. 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.

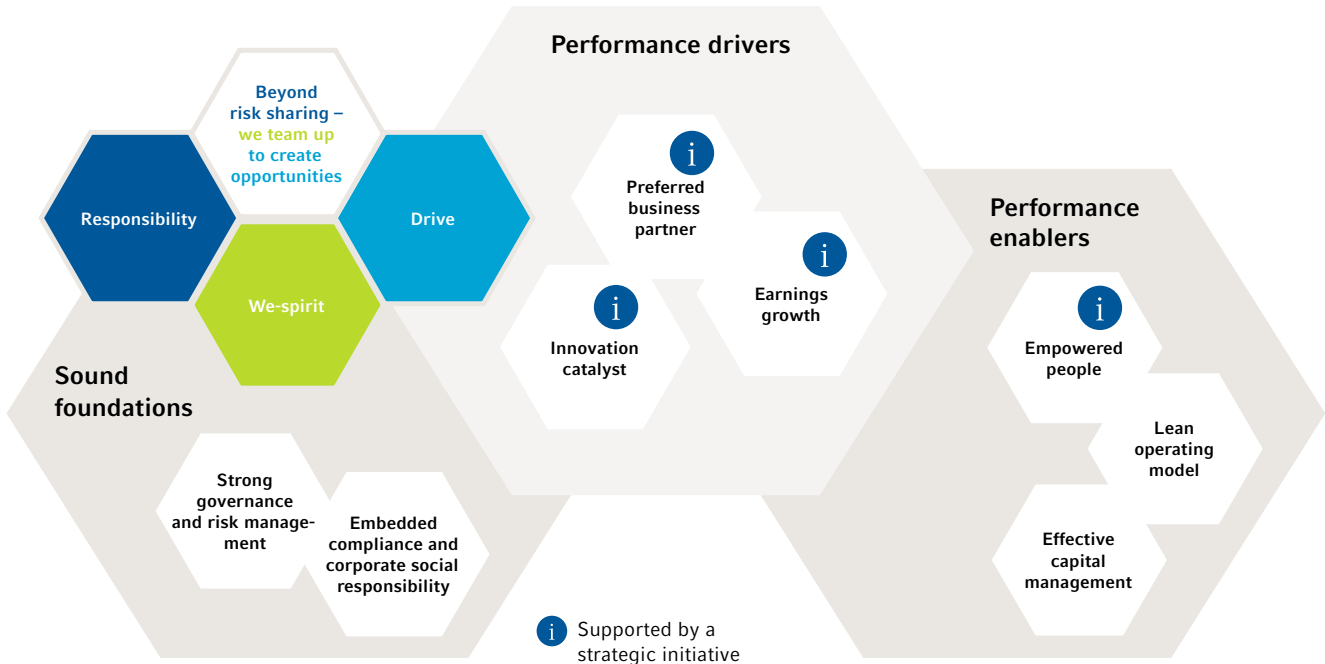
Furthermore, the sustainable earnings level that we aim for enables us to consistently pay our shareholders an attractive dividend.

Strategy and sustainability

Group strategy 2021–2023

103-3

Hannover Re's Group strategy was revised in the 2020 reporting year. It is valid for the 2021–2023 strategy cycle and derives from our overarching purpose and our values. Our purpose explains the meaning of our existence: "Beyond risk sharing – we team up to create opportunities." Our values – Responsibility, We-spirit, Drive – determine the way in which we do business and reflect the core success factors of our corporate culture. Our success going forward is dependent on all the strategic areas of our Group strategy.



In our “striving for sustainable outperformance”, governance, risk management, compliance and corporate social responsibility establish the foundations for our growth as a trusted global reinsurance partner.

We have embedded three performance drivers and three performance enablers in our Group strategy 2021–2023 and supported them with four strategic initiatives.

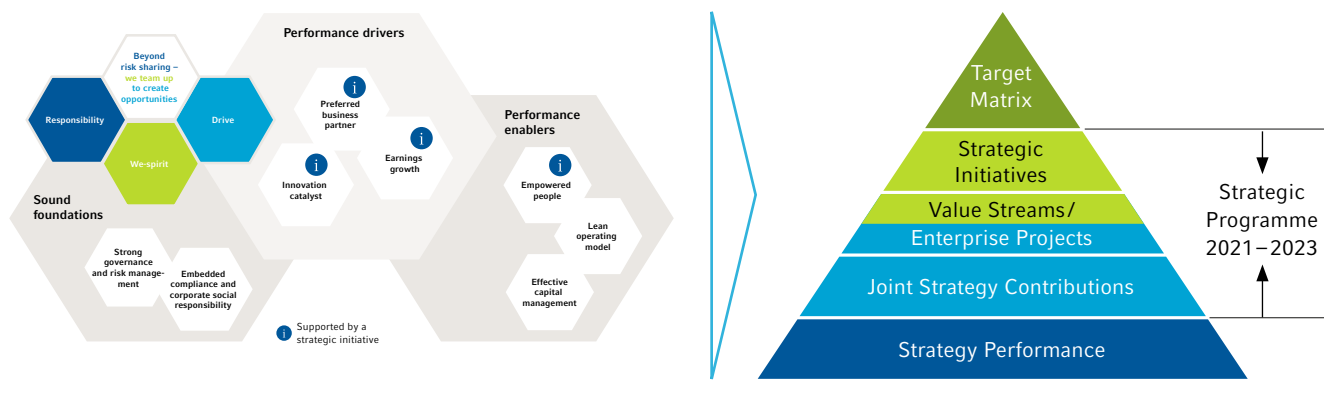
Our performance drivers build on proven strengths and address the global trends impacting the insurance and reinsurance industry. In order to achieve superlative results in an ever-changing environment, we strive to be the preferred business partner for our clients, to maximise earnings growth in the most promising areas and to foster innovation in the (re)insurance markets.

The fields that we define as performance enablers – empowered people, lean operating model and effective capital management – have proven indispensable for outperforming the industry over the last decade. They have made us strong from the very outset and are now at the core of our “somewhat different” approach.

The four strategic initiatives accentuate the areas we believe to be of particular importance and on which we will work intensely over the entire strategic cycle. The Customer Excel-

lence strategic initiative seeks leadership in customer-centricity and aims to broaden our client relationships by raising them to a strategic level. With the Asia-Pacific Growth initiative we are teaming up with our customers to create joint opportunities in the world’s fastest-growing economic region. In the framework of our Innovation & Digital Strategy, we focus on digital partnerships as well as on our role in assisting clients in their digital transformation. And all these efforts would be futile without the Talent Management initiative – hiring and retaining engaged and high-performing employees are absolutely crucial for the company’s future.

Our four strategic initiatives form the cornerstone of the strategic programme, which further encompasses value streams and enterprise projects as well as joint strategy contributions that directly support the Group strategy. “Corporate Social Responsibility” is one of these altogether 25 topic areas that we shall continue to refine in the 2021–2023 strategy cycle. The strategic programme is backed and monitored by the department “Group Performance & Strategy Development”, with progress reported to the Executive Board quarterly (Reporting on Strategic Initiatives) and half-yearly (Management Reporting).



We have defined the following financial targets for the 2021–2023 strategy cycle.

Target Matrix Strategy cycle 2021–2023

Business group	Key data	Strategic targets
Group	Return on equity ¹	900 bps above risk-free
	Solvency ratio ²	≥ 200%
Property & Casualty reinsurance	Gross premium growth ³	≥ 5%
	EBIT growth ⁴	≥ 5%
	Combined ratio	≤ 96%
	xRoCA ⁵	≥ 2%
Life & Health reinsurance	Gross premium growth ³	≥ 3%
	EBIT growth ⁴	≥ 5%
	Value of New Business (VNB) ⁶	≥ EUR 250 million
	xRoCA ⁵	≥ 2%

¹ After tax; risk-free: five-year average return of ten-year German government bonds
² According to our internal capital model and Solvency II requirements
³ Average annual growth at constant exchange rates
⁴ Average annual growth; based on normalised EBIT 2020
⁵ Excess return (one-year economic profit in excess of the cost of capital) on allocated economic capital
⁶ Based on Solvency II principles; pre-tax reporting

Our system of strategic targets includes qualitative and quantitative targets. In addition to traditional performance indicators geared to the IFRS balance sheet, we have defined economic targets derived from our certified internal capital model and Solvency II requirements.

The interaction of sound foundations, performance drivers and performance enablers will help us achieve our strategic goals and in turn bring our purpose and values into all our activities.

Corporate Social Responsibility

102-18, 102-19, 102-20

Corporate social responsibility and sustainability, together with robust governance, risk management and integrated compliance, are at the heart of our Group strategy 2021–2023.

Responsibility for the topic of sustainability rests with Hannover Re's entire Executive Board, which decides on the sustainability strategy and its goals and measures and approves the underlying material topics. In addition, decision papers on a range of sustainability issues are submitted to the Executive Board throughout the year on the occasion of its meetings.

Key tasks of sustainability management are performed by Corporate Communications. This department takes responsibility for internal and external communication on sustainability matters and provides impetus in-house. Not only that, Corporate Communications is responsible for compiling the materiality analysis and – assisted by experts from various specialist units – for developing the sustainability strategy. In the year under review, work also began on implementation of the EU Taxonomy Regulation (EU 2020/852). Corporate Communications reports directly to the Chief Executive Officer.

With a view to strengthening governance in relation to ESG issues, the Executive Board approved a new ESG governance structure in the spring of 2021. Core elements are the newly created "Sustainability Function", the "ESG Management Team" and a supporting "ESG Expert Network".

The Sustainability Function – under the leadership of the Corporate Sustainability Manager – is assigned to Corporate Communications and therefore falls within the Chief Executive Officer's scope of responsibility. Its tasks include, among others, the central coordination of all ESG activities, the identification, analysis and assessment of ESG topics, leadership of ESG projects, e.g. for fulfilment of the EU Taxonomy, advis-

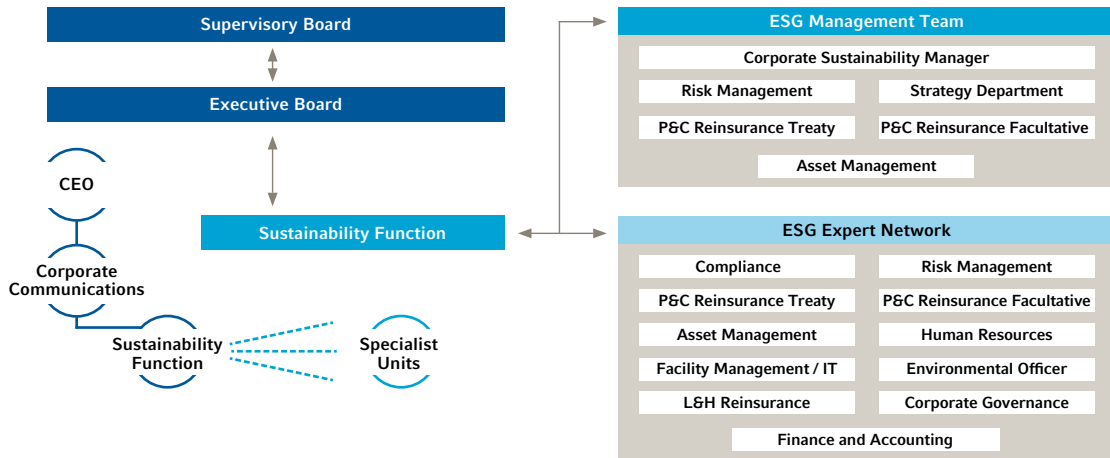
ing the specialist units on ESG issues, submitting proposals for long-term ESG goals to the Executive Board, regular reporting to the Executive Board and coordinating an annual ESG programme. The Corporate Sustainability Manager leads the ESG Management Team and calls meetings of the ESG Expert Network.

The ESG Management Team is a high-level team with participants from Corporate Communications (Sustainability Function), Group Risk Management, Strategy Development, Property & Casualty Reinsurance and Asset Management. The ESG Management Team supports the Sustainability Function in its tasks, ensures the interlinking with the Group strategy and serves as the interface with decentralised units as well as the central contact point for fulfilment of ESG-related regulatory requirements.

The ESG Expert Network is comprised of members of staff from many different areas of the company who are equipped with in-depth knowledge of ESG issues. They serve as primary contacts for the Sustainability Function and assist with all ESG-related matters.

In view of the special significance attached to sustainability issues and ESG risks, Corporate Communications also works closely with the risk management side and helps Group Risk Management to address sustainability risks in existing risk categories. At the same time, as part of its risk reporting Group Risk Management also reports on ESG issues in the context of the Group Annual Report. In the year under review Corporate Communications and Risk Management jointly drew up a "Sustainability/RepRisk Framework", which not only contains information on sustainability management at Hannover Re but also documents fundamental structures and processes of "Sustainability Risk Management".

In its role as the so-called third line of defence, the Group Auditing unit carries out process-independent monitoring throughout the Group on behalf of the Executive Board.

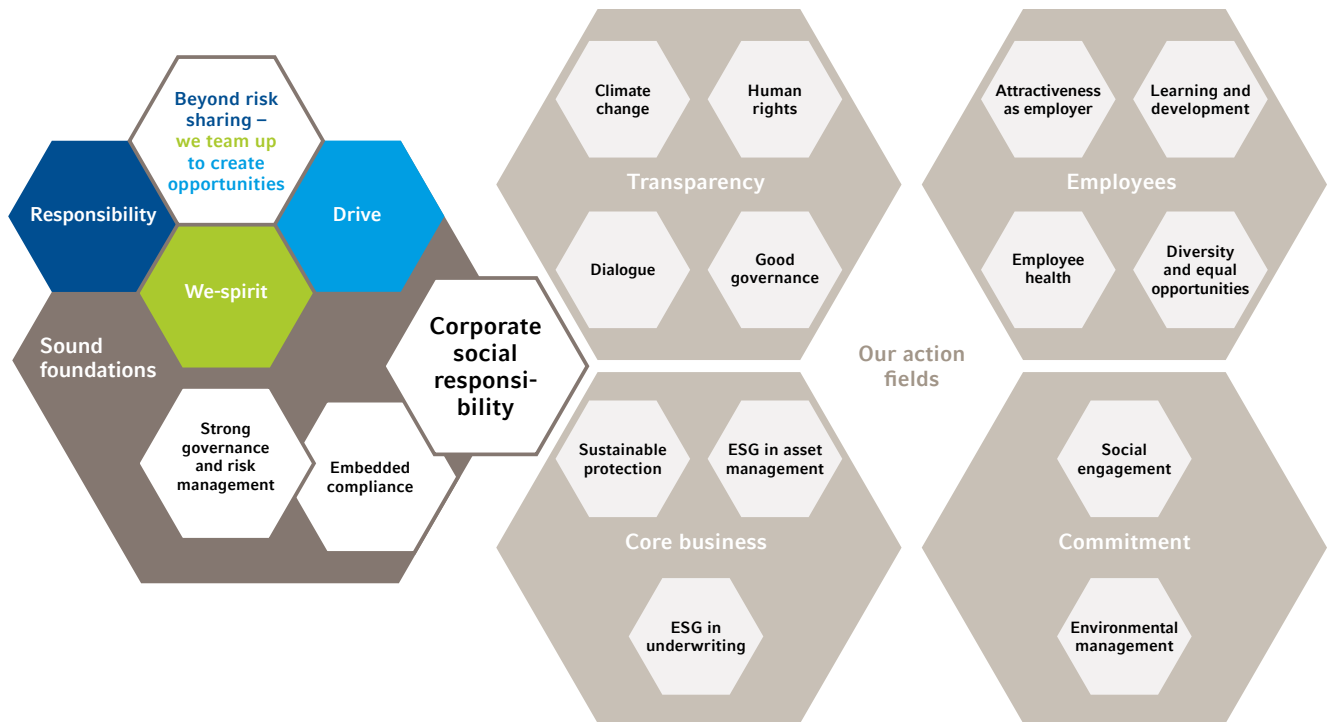


Sustainability strategy

103-3

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. The sustainability strategy is also one of 25 joint strategy contributions to the Group strategy.

Just like the Group strategy, Hannover Re’s sustainability strategy is subject to a three-year strategy cycle and was similarly revisited in 2020. A materiality analysis – that was also updated in 2020 – and dialogues held with various stakeholders throughout the year serve as the basis for this work.



As one of the foundations, corporate social responsibility is closely linked to the Group strategy; the sustainability strategy is subordinate to the Group strategy. It describes more extensive core elements of our sustainable actions and the part we play in a transformation towards a sustainable future. In this way, corporate social responsibility builds a bridge between the foundations of the Group strategy and the action fields of our sustainability strategy.

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. Our action field “transparency” encompasses voluntary commitments and fundamental issues with implications for multiple action fields. This also includes the cross-cutting issues of climate change and human rights as well as dialogue and good governance. The action field “employees” is consistent with the Talent Management initiative and pursues goals relating to attractiveness as an employer, the expansion of further training activities and talent reviews, the enhancement of programmes to promote health and wellness as well as diversity and equal opportunities. In our action field “core business” we define, firstly, measures that support the transformation towards a sustainable world and, secondly, measures that minimise our environmental impacts. The action field “commitment” covers topics that were not identified as material in the context of the materiality analysis but are nevertheless of considerable importance to us.

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, 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.

Further information on our sustainability strategy is provided on our website.

Materiality analysis

[102-15](#), [102-40](#), [102-42](#), [102-43](#), [102-44](#), [102-46](#), [102-47](#), [102-49](#)

Hannover Re regularly conducts materiality analyses in order to identify material ESG (environmental, social and governance) issues.

In the spring of 2020, the materiality analysis carried out in 2018 was revisited through a survey of internal and external experts. They were tasked with contributing in-depth expertise in sustainability and the business activities of a reinsurance undertaking, on the one hand, while at the same time reflecting and advocating for the views/interests of various stakeholders.

The basis consisted of a list of possible topics derived from the previous materiality analysis, dialogues conducted throughout the year with stakeholders (including employees, job applicants, capital market analysts / investors, non-governmental organisations, customers, brokers), questions raised at the Annual General Meeting, media reports and the Global Reporting Initiative (GRI) Framework. All experts were encouraged to indicate other topics. The analysis looked at two dimensions: positive/negative impacts of Hannover Re's operations on the respective topic (inside-out perspective) and positive/negative impacts of the respective topic on Hannover Re's operations (outside-in perspective). Each topic was scored on a scale of 1 to 5 in this regard.

Extensive interviews were conducted with the external experts (stakeholder group: asset managers, ESG analysts, representatives of non-governmental organisations, representatives of the trade press as well as representatives of foundations and associations). All topics that received an average score of at least 3.75 were marked as material. Four

workshops were held with the internal experts (stakeholder group: employees) from various market and service units to score the topics on the list. In this case, too, the materiality threshold was set at 3.75. Some topics were clustered at the workshops.

The topics were transferred to a materiality matrix as averaged values from the internal and external scores. In this context, those topics that fell below the threshold after averaging also continued to be material. We consciously decided to take a very wide approach in order to adequately reflect both dimensions and perspectives. As a third dimension, the topics shown in light blue in the materiality matrix reflect the supplementary perspective of the GRI (stakeholder evaluations).

The materiality analysis was validated by the Executive Board at its meeting on 6 July 2020.

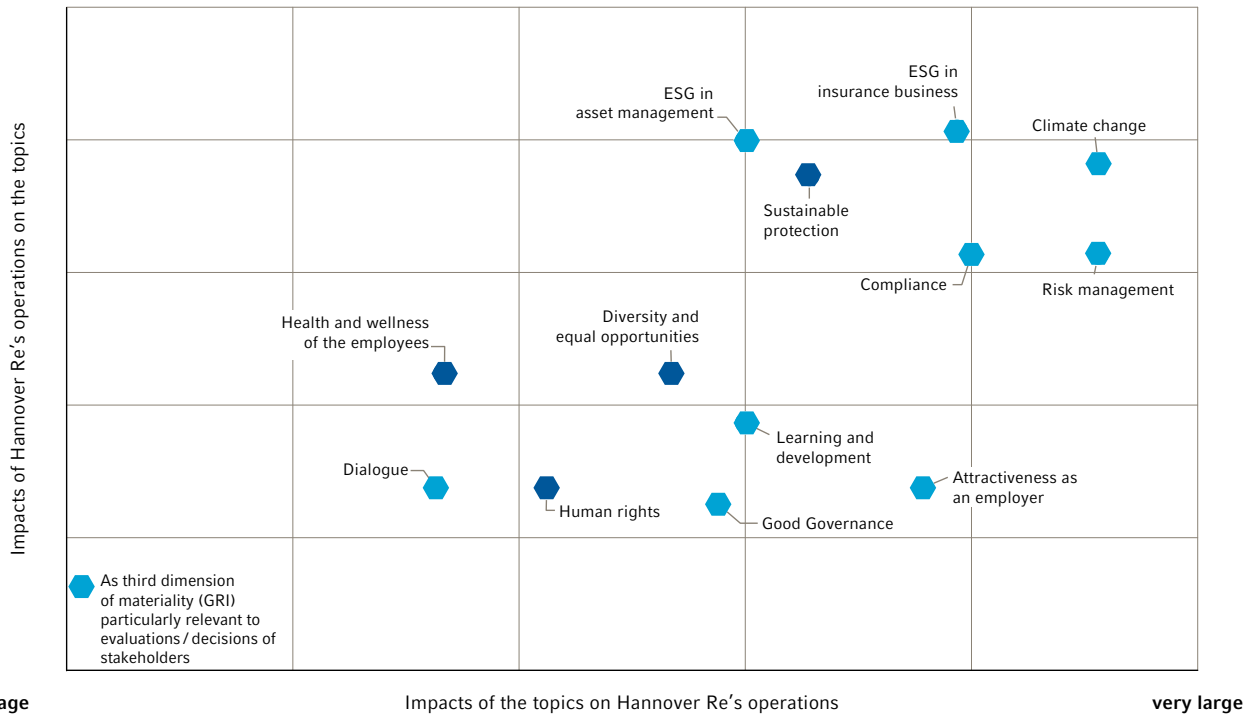
Altogether, we identified 13 material sustainability topics that also constitute the basis of the present report:

Material topics and their boundaries

S 10

Material topic	Boundaries within the Group	Boundaries outside the Group
Compliance	Entire Group	Customers, business partners, capital market players, society
Risk management	Especially risk management, entire Group	Customers, business partners, capital market players
Climate change	Entire Group	Customers, business partners, capital market players, NGOs, society
Human rights	Employees	Especially rights holders, capital market players, NGOs, society
Responsible corporate governance	Entire Group	Customers, business partners, capital market players, society
Dialogue	Entire Group	All stakeholders
Sustainable protection	Business units and risk management	Customers, business partners, capital market players, society
ESG in insurance business	Business units and risk management	Customers, business partners, capital market players, NGOs, society
ESG in asset management	Investments and risk management	Customers, business partners, capital market players, NGOs, society
Attractiveness as an employer	Especially employees and human resources management, entire Group	(Potential) applicants
Learning and development	Especially employees and human resources management, entire Group	(Potential) applicants
Employee health and wellness	Especially employees and human resources management, entire Group	(Potential) applicants, society
Diversity and equal opportunities	Especially employees and human resources management, entire Group	(Potential) applicants, society

very large



Goals and measures of the strategy cycle 2018–2020

In the present sustainability report, we are reporting for the last time on our sustainability strategy 2018–2020, which was derived from the Group strategy that followed the same cycle. “We are committed to sustainability, integrity and compliance” was one of ten strategic principles defined by this Group strategy and – in common with the other principles – it was underpinned by goals. Fulfilment of these goals was

assured with the aid of the holistic management system Performance Excellence, which is based on the Excellence Model of the European Foundation for Quality Management (EFQM) and ensures that all initiatives and measures in our Group are rigorously linked to the corporate strategy. At its meeting in April 2021 the Executive Board was presented with management reporting on the results for the ten strategic principles and the strategy cycle 2018–2020 was completed.

Governance and Dialogue

S 12

Goal to be achieved by 2020:

Responsible corporate governance

Goals	Measures	Status	Goal achievement
Optimisation of sustainability management	Regular review and improvement of sustainability management	Ongoing 2020: Dialogue with other specialist units and within the Group stepped up 2020: Support for specialist units with the implementation of further measures	Achieved
	Implementation of a Web-based database for central recording of sustainability information	Done 2019	Achieved
Raising employee awareness of the topic of sustainability by expanding internal communication and developing a training concept	Maintaining the intranet and corporate website	Ongoing	Achieved
	Provision of further information on sustainability	2020: Implementation of further reporting formats (TCFD, SASB, CoP)	Achieved
	Development of a training concept	2020: Elaboration of the training concept currently on hold	Not achieved; to be continued in strategy cycle 2021–2023
Enhancing our appeal in the eyes of ethical and sustainability-minded investors by participating in major sustainability ratings	Ongoing dialogue with rating agencies	Ongoing 2020: Regular dialogue in connection with sustainability ratings (CDP, FTSE4Good, Sustainalytics, Vigeo Eiris, MSCI, ISS-ESG)	Achieved
	Inclusion in at least one sustainability index	2020: Continued listing in the FTSE4Good index	Achieved
		2020: Continued listing in the STOXX Index family 2020: Inclusion in the DAX50 ESG	
Refinement and optimisation of reporting on sustainability topics in accordance with the GRI Standards	Publication of a sustainability report in accordance with the GRI Standards	Ongoing	Achieved
	Perform GAP analysis to identify and close gaps in content	Done 2019	Achieved

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

S 13

Goals	Measures	Status	Goal achievement
Optimisation of compliance management	Revision of the Compliance Manual	Done 2019	Achieved
	Optimised classification of compliance risks	Revision of the compliance risk matrix used to evaluate identified compliance risks; done 2019	Achieved
		Ongoing	Achieved
		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	2020: Roll-out of the Group-wide compliance plan	Achieved
Closer cooperation with the compliance officers at the international locations		Ongoing: Exchange of views in the context of the European Compliance Officer meetings and regular teleconferences	Achieved
		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 14

Goals	Measures	Status	Goal achievement
Intensification of the stakeholder dialogue	Regular dialogue with stakeholders	Ongoing	Erreicht

Product responsibility

Goal to be achieved by 2020:
Risk expertise

S 15

Goals	Measures	Status	Goal achievement
Refinement of risk management, including in relation to ESG risks	Intensification of internal communication and expansion of expertise	Ongoing: Raising of awareness about ESG risks in regular internal risk reporting	Achieved
		<p>Fulfilment of regulatory requirements and minimum checking of material ESG indicators as part of the regular internal risk reporting</p> <p>Provision of comprehensive information on emerging risks that is accessible to all employees. Regular updating of the contents</p> <p>2020: Publication of an internal Sustainability/RepRisk Framework</p> <p>2020: Expansion of opportunity and risk reporting</p>	
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)	Achieved
		<p>Member of the Munich Climate Insurance Initiative (MCII).</p> <p>Since 2019: Global Earthquake Model (GEM): The global earthquake models were completed as a seismic hazard mosaic. All models will be published in stages after the future GEM strategy has been finalised.</p> <p>Member of the Geneva Association Working Group on “Climate Change and Emerging Environmental Topics” 2020: Support for the further refinement of catastrophe models to assess the effects of climate change</p>	
	Knowledge sharing through publications	Support for publications of the CRO Forum and research into climate-related risks	Achieved

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

Goals	Measures	Status	Goal achievement
Supporting, developing and expanding sustainable insurance solutions	Reduction of exposure to fossil fuels	Since 2019: Exclusion of planned new coal-fired power plants or thermal coal mines in the facultative department.	Achieved
		2020: Exclusion of all new business connected with thermal coal and its associated infrastructure in the facultative department	
		2020: Exclusion of the acceptance of new individual risks for companies that hold 20% or more of their oil reserves in oil sands	
		2020: Exclusion of new business in oil sands extraction and processing operations in the facultative department.	
Increased involvement in renewable energy		2020: Phased withdrawal plan for thermal coal in the entire property and casualty reinsurance portfolio by 2038 approved by the Property & Casualty Executive Committee	Achieved
		2020: Additional staffing in the relevant market department and associated increase in written treaties	
Support for various sustainable initiatives, including in developing and emerging countries		2020: Support for our Asian clients in offshore wind business	Achieved
		2020: Following the launch of the Natural Disaster Fund in 2019, more than 10 million people from 20 different countries in Africa, Asia and Latin America were reached through the capacity provided by HR amounting to USD 50 million.	
		2020: Cooperation with the Moroccan Ministry of Finance and Solidarity Fund against Catastrophic Events (FSEC).	
Expansion of sustainable insurance solutions in the Life & Health sector		2020: Continued support for weather-related products as well as insurance solutions for renewable energy sources such as solar, hydro and wind	Achieved
		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 microinsurance solutions	
		Vitality Active: the cooperation between Hannover Re and Discovery Group (South Africa) has developed well. By the end of 2020 seven primary insurers around the world had implemented the programme. Three more are already planned for 2021.	
		New implementations / expansion of hr ReFlex and hr Quirc	

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

S 17

Action field and goals	Measures	Status	Goal achievement
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, that generate 25% or more of their turnover from coal mining, coal-fired power generation or oil sands extraction or that are involved in the development and proliferation of controversial weapons. Half-yearly negative screening	Achieved
	Application of a best-in-class approach	Ongoing: half-yearly positive screening and evaluation of the sustainability quality of the investment portfolio	Achieved

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

S 18

Goals	Measures	Status	Goal achievement
Fostering customer dialogue, including on ESG-related topics	Sharing knowledge about ESG topics	Commitment to conducting a dialogue with primary insurance customers in connection with the phased withdrawal plan from thermal coal (2038).	Achieved

Employees

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

S 19

Goals	Measures	Status	Goal achievement
Optimisation of further training measures for specialist staff and executives	Encouraging all staff to participate in training activities	2020: Continuing offer of a wide range of further training opportunities. 2020: Extended online programme in connection with physical distancing requirements due to the Covid-19 pandemic	Achieved
	Review and refinement of the range of training opportunities for all employees	2020: Development of an integrated Talent Management initiative with an emphasis on talent development	Achieved

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

S 20

Goals	Measures	Status	Goal achievement
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 2020: Staff turnover rate at the Hannover location 2.8% (target: 3–5%)	Achieved
Holding of Group-wide employee surveys on a recurring basis	Conducting employee surveys	2020: Another Group-wide employee survey conducted as part of the Organisational Health Check with a participation rate of 83% (target for employee surveys: 60%)	Achieved

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

S 21

Goals	Measures	Status	Goal achievement
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 race, 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 2020: No instances of discrimination that would have had consequences under labour law were reported.	Achieved
	Fostering women in management positions	2020: The proportions of women on the second and third levels of management amounted to 18.0% (target: 18%) at the Hannover location and 18.4% Group-wide as at 31 December 2020. Ongoing: Cultivation of a Group-wide women's network	Achieved
	Implementation of mentoring programmes for the advancement of women	Implementation round 2019/2020 with nine tandems successfully completed.	Achieved
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 2020 including part-time and teleworking models, flexi-time arrangements and an in-house infant daycare centre 2020: Various supports in connection with the Covid-19 pandemic	Achieved

Environment and Society

Goal to be achieved by 2020:

S 22

Operational environmental protection

Goals	Measures	Status	Goal achievement
Continuous refinement of environmental management	Push towards a net zero carbon footprint for company locations	Currently, creation of a database to calculate the CO ₂ values for individual locations	Not achieved, to be continued in 2021
	(Re)certification of environmental management	Recertification completed in 2019 EMAS III Environmental Statements drawn up annually	Achieved

Goal to be achieved by 2020:

S 23

Supplier management

Goals	Measures	Status	Goal achievement
Ongoing evaluation of ~90% of suppliers (measured by purchasing volume) according to environmental and social standards	Evaluation of suppliers	Ongoing, 2020: Evaluation of 90% of the purchasing volume in Facility Management and 92% of the purchasing volume in the IT sector according to ESG criteria 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 91% of category A and B IT vendors undertake to comply with the Code of Conduct for Suppliers	Achieved

Goal to be achieved by 2020:

S 24

Social commitment

Goals	Measures	Status	Goal achievement
Refinement of the concept for social commitment	Development of a concept	Currently on hold	Not achieved, to be continued in 2021
Expansion of reporting on social commitment and donations	Reworking and consolidation of the national and international donations policy	Currently on hold	Not achieved, to be continued in 2021

Risk management

103-1, own disclosure

Risk management, together with corporate social responsibility, robust governance and integrated compliance, is at the heart of our Group strategy 2021–2023.

Risk management was identified as a material topic in our materiality analysis.

We report at length on our risk management system including the integration of ESG risks in the opportunity and risk report that forms part of the management report in our Group Annual Report 2020.

Compliance

103-1

Integrated compliance, together with corporate social responsibility, robust governance and risk management is at the heart of our Group strategy 2021–2023.

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 taken numerous steps to prevent such behaviour. Companies operating in the financial sector, such as Hannover Re, also have an important role to play in prevention and fulfilment.

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 employees, 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 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, not only the relevant regulatory standards such as national and international rules

governing insurance supervision, the Market Abuse Directive, the Securities Acquisition and Takeover Act (WpÜG) and the Securities Trading Act (WpHG) but also applicable laws and directives on issues such as the environment, fighting corruption and money laundering, data protection, information security, sanctions and embargos and tax matters.

In the context of the materiality process, compliance was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

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 pay special attention to 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 lawfully and with integrity.

The Code of Conduct is approved by the Executive Board and Supervisory Board, and reviewed both not only at regular intervals, but also if a concrete need arises. Since its adoption, the Code of Conduct 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, 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 (present 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.

Compliance Management System

Hannover Re's global Compliance Management System consists of six elements:

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, which enables employees and company outsiders alike to report any compliance breaches or suspect cases.

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 risk management system's "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 report is also submitted to the Finance and Audit Committee and the full Supervisory Board.

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 reinsurance contracts, among other things, 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. An external 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 so wish. Tips can be given regarding fraud, corruption, embezzlement, anti-competitive practices, market manipulation, breaches of insider trading regulations or skirting of embargo provisions, but are not limited to these areas. 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 2020 reporting year, no notifications of potential wrongdoing were received through the Group-wide whistleblower system. Nor were any instances of human rights violations or breaches of employment law or decent working conditions 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 2020 reporting year, training activities were held for altogether 126 new employees at the Hannover head office alone. Traditional communication channels including the intranet-portal and online newsletters are also used to bring compliance-related issues to the attention of the workforce. The Compliance unit and the Chief Compliance Officer keep employees informed about changes in legislation, insofar as they affect their work.

A one-year compliance awareness-raising campaign aimed at all members of staff was also launched in the year under review. As part of this compliance campaign, the members of the Executive Board convey the tone at the top through individual videos that are published in the intranet.

Report on selected compliance issues

Data privacy and information security

103-2, 418-1

As part of our day-to-day business activities, we process personal data, including for example address details, health-related information as well as billing and benefit data. Processing includes, among other things, the collection and storage as well as the erasure of 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 processed 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. These include the general principle that personal data may only be processed 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 and confidentiality 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, 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. A documented interface, defining the main tasks and duties associated with the monitoring of data privacy, exists between the Data Protection Officer of Hannover Re in Germany and Group Auditing.

The findings of the separate reporting on data protection are integrated into the annual compliance report. In the reporting period, there was no requirement to fulfil the duty to notify data breaches pursuant to Articles 33 and 34 of the GDPR (personal data breaches).

Training activities on data protection topics are held regularly for 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, such as the intranet.

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

Information security

Cyber attacks and the loss of sensitive information can be associated with considerable financial losses and also reputational risks. In our highly networked world it has therefore become increasingly important in recent years to protect information and defend against cyber attacks. This has become all the more true given extensive teleworking from home and the resulting elevated risks during the Covid-19 pandemic.

With a view to protecting against these risks, Hannover Re has implemented an Information Security Management System (ISMS) that is closely aligned with international standards – principally ISO 27001 – and harmonised with other management systems such as data protection or IT risk management. The core element is the “Information Security Policy”, which is valid for all locations worldwide. Together with specific guidelines and standards, it regulates all technical and organisational measures including awareness-raising in relation to the confidentiality, integrity and availability of information assets. It goes without saying that all forms of mobile working are also covered. Consideration is given to all types of digital and physical information assets. Appropriate allowance has been made in the IT processes.

The Executive Board bears overall responsibility for information security. It is supported by the Risk Committee, which meets quarterly under the leadership of the Chief Executive Officer (CEO). Further participants are one member of the Executive Board from Property & Casualty reinsurance and one from Life & Health reinsurance, the Chief Financial Officer (CFO), the Chief Controller and the Chief Risk Officer (CRO). The Information Risk & Security Committee (IRSC) is a sub-committee of the Risk Committee composed of the Chief Risk Officer, the Chief Information Security Officer (CISO) and the Head of IT. The CRO is assigned to the CEO's area of oversight, while the CISO and the Head of IT come under the CFO's scope of responsibility. Both are equipped with appropriate expertise and receive regular updates. The IRSC evaluates and monitors the relevant risks and manages any conflicts of interest in relation to information and IT security. In common with Risk Management and the CRO, it is independent of any instructions in its actions. The full Executive Board is briefed at least annually in the context of the Information Security Report and as necessary also within the year. The Risk Committee receives quarterly information updates.

The CISO, as the main process owner, is responsible for the planning, implementation and ongoing development of the ISMS as well as for coordinating the corresponding tasks within the Hannover Re Group. He is supported by local contacts and additionally bears responsibility Group-wide for the execution of appropriate controls. The CISO cooperates closely with Information Risk Management (IRM) and the central Compliance function.

Both the CISO and the other two functions referred to above form part of the second line of defence. Furthermore, every single member of staff is responsible for adhering to the relevant guidelines and instructions. To this end, all employees receive training in matters of information security annually and at the time of their appointment, complemented by

awareness-raising activities throughout the year. Group Auditing, in its role as the third line of defence, performs regular checks on Group-wide compliance.

No incidents involving material losses or damage were reported.

When it comes to a transfer of knowledge in relation to our own (operational) risks in connection with cyber risks, we participate in various cooperative projects undertaken by our industry and engage in a regular dialogue with, among others, the Bundesverband der IT-Anwender e.V. in the context of the Cyber Security Competence Center.

In addition, Hannover Re offers reinsurance protection for cyber risks. The risks stemming from the cyber portfolio are monitored and managed using the internal model. The management approach also encompasses cyber risks from insurance contracts that do not primarily cover this risk (silent cyber risk). This enables us to adequately assess and manage risks while at the same time facilitating valuable insurance protection and leveraging corresponding business opportunities for our company. As a further step, in certain lines and contracts clarifications were made in the treaty wordings in relation to silent cyber on the occasion of the 2020/2021 renewals. The issues of information security and cyber security as well as the associated risks in underwriting practice are addressed by our working group on emerging risks, which supports monitoring across the various departments.

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 or only limited 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. Underwriters and claims managers additionally receive sanctions training on an annual basis that explores the specific features of their market departments and work.

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 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 was EUR 187.6 million lower than in the previous year at EUR 205.1 million (previous year: EUR 392.7 million). The effective tax rate amounted to 18.2% (previous year: 22.2%). The reduced tax expenditure can be attributed largely to the decline in the Group's pre-tax profit against the backdrop of the Covid-19 pandemic.

A breakdown of domestic and foreign taxes on income is provided in our Group Annual Report 2020 from page 233 onwards.

Cyber security and information security

We discuss at length cyber security and information security in our risk and opportunity report as part of the management report in the context of our Group Annual Report 2020 on page 105 et seq. as well as page 109.



Transparency

The trust of our stakeholders is vital to our entrepreneurial success. We therefore seek an active and ongoing dialogue. In this connection, we report regularly and transparently on relevant social issues such as climate change, human rights due diligence and good governance – all areas where Hannover Re plays its part.

Supports the following Sustainable Development Goals:





Transparency

Good Governance

Responsible enterprise management

103-1

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

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 minimise risks and prevent mismanagement and it 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.

Good governance was identified as a material topic in our materiality process, enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Goals of the sustainability strategy 2021–2023

N 25

Goal

Good Governance

Ensuring that the organisation is compliant

Target indicator

Average compliance score corresponding at a minimum to the targeted maturity level

Governance structure

103-2, 102-18, 102-23, 102-33, 102-35, 405-1

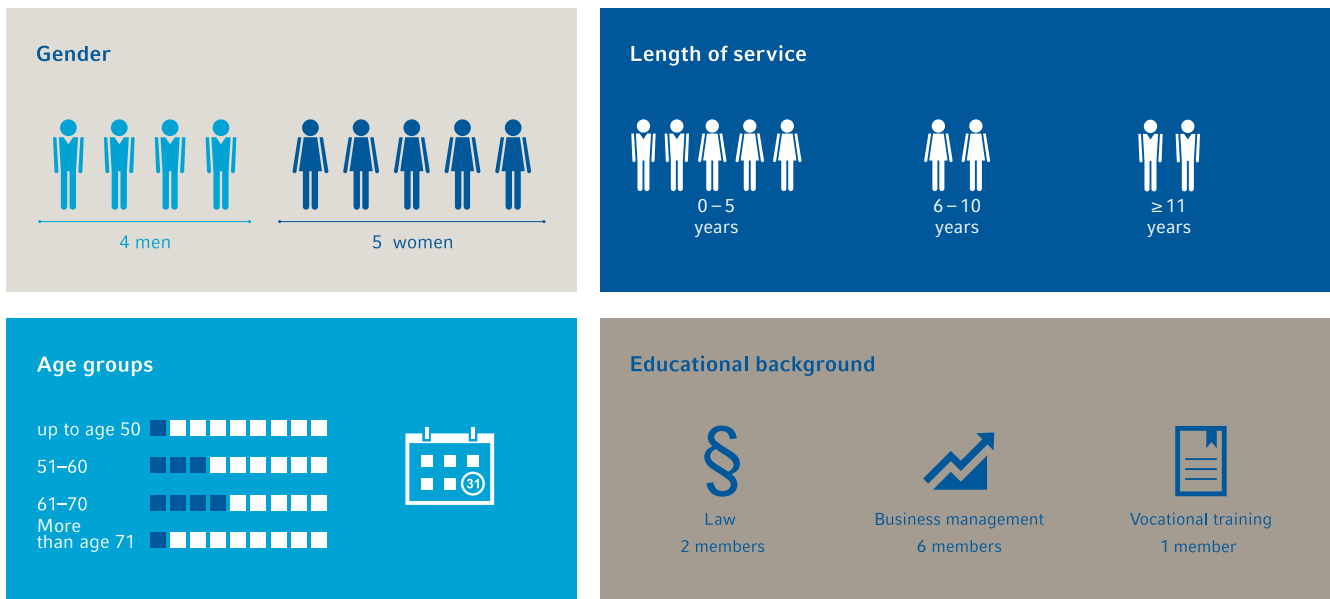
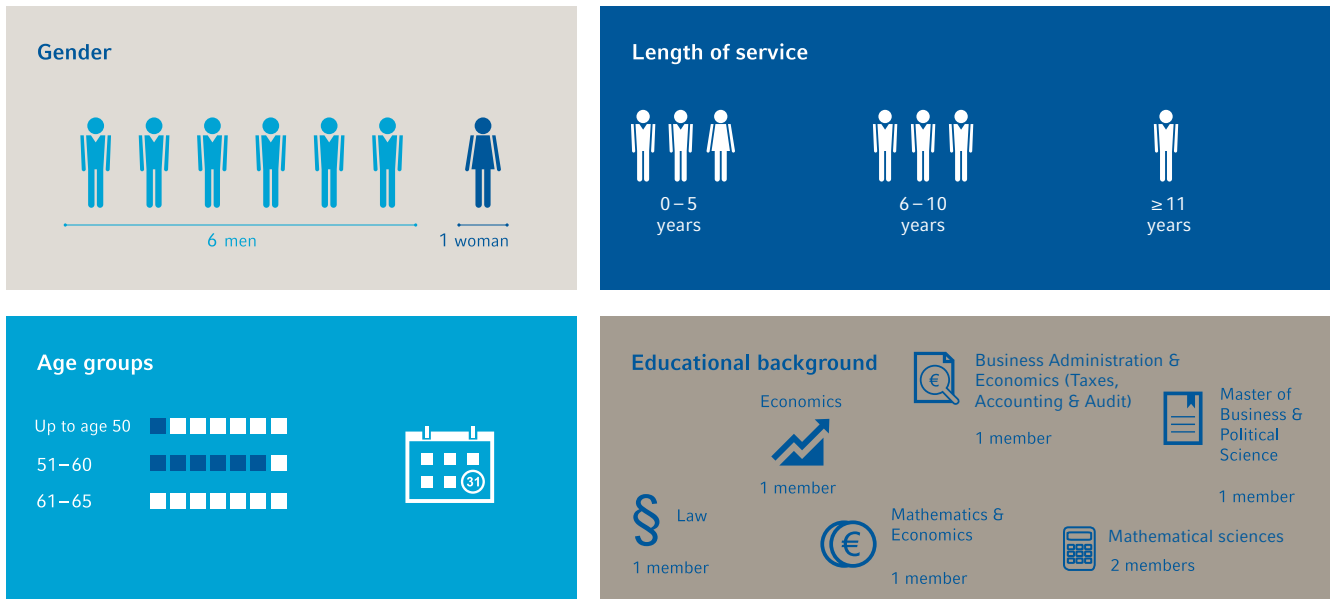
As a listed European joint-stock company (Societas Europaea, SE) based in Germany, the formal structure of our is determined by national law. As an SE we are also subject to laws on co-determination, especially the participation agreement concluded with the employees. Furthermore, our corporate strategy, 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 between 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 facilitated by the control mechanisms stipulated in law and in the Articles of Association that exist between the Executive Board, Supervisory Board and General Meeting. 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.

Currently, the Executive Board consists of seven members and the Supervisory Board of nine members. Our Code of Conduct, our Articles of Association, our Corporate Governance Principles, the Rules of Procedure for the Supervisory Board and the Declaration of Conformity can be viewed on our website.

When appointments are made Hannover Re is guided by a number of considerations including the principle of diversity within a diversity concept.



Stakeholders have the opportunity to report critical issues to the company’s highest governance body. All stakeholders, and especially shareholders, thus have recourse to the Supervisory Board with which they can raise their concerns. 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 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.

Our Code of Conduct, Articles of Association, Corporate Governance Principles, Rules of Procedure of the Supervisory Board and Declaration of Conformity can be found on our website.

102-18, 102-23: For the composition of the Executive Board and Supervisory Board, please also refer to our website. The appointment and dismissal of members of the Executive Board is governed by Sections 84 et seq. of the German Stock Corporation Act.

For further information on corporate governance, please refer to our Group Annual Report 2020 from page 112 onwards, in particular:

- Corporate Governance and Declaration of Conformity see page 112 et seq. as well as page 266 et seq.

- Working practice of the Executive Board and Supervisory Board see page 116 et seq.
- Working practice of the committees of the Supervisory Board, see page 116 et seq. and 263 et seq.
- Diversity concept of the Executive Board and Supervisory Board, see page 118.
- 102-35: Remuneration of the Executive Board, Supervisory Board and executives below the Executive Board, see p. 119 et seq.
- Report of the Supervisory Board and its Committees see p. 263 et seq.
- Changes on the Supervisory Board and Executive Board see p. 267.

Human rights

103-1, 103-2, 412-2

In the principles of the United Nations Global Compact, human rights are one of the four subject areas in which companies commit to behave in a responsible manner.

The requirements placed on companies in relation to human rights were fleshed out in greater detail in 2011 through the endorsement of the UN Guiding Principles on Business and

Human Rights by the UN Human Rights Council. Companies are urged to implement adequate safeguards in order to avoid human rights risks within their entrepreneurial scope of influence. Hannover Re has published a policy statement to this effect.

Human rights were identified as a material topic in our materiality process and enshrined in our sustainability strategy 2021–2023. This represents a cross-cutting issue reflected in all action fields that was supported with goals and measures.

Goals of the sustainability strategy 2021–2023

N 28

Goal	Target indicator
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

Determination of impacts

103-2

In the year under review we began to develop procedures for determining actual and potential detrimental impacts on human rights and measures and for monitoring effectiveness in conformity with the UN Guiding Principles on Business and Human Rights (UNGPs). We plan to release a policy statement on respect for human rights in the course of the current 2021 financial year.

As far as observance of human rights in our business activities is concerned, we are guided by a number of international standards:

- Universal Declaration of Human Rights (UDHR)
- International Covenant on Civil and Political Rights (ICCPR)

- International Covenant on Economic, Social and Cultural Rights (ICESCR)
- UN Guiding Principles on Business and Human Rights (UNGP)
- United Nations Global Compact (UNGC)
- Core labour standards of the International Labour Organization (ILO)
- Sustainable Development Goals (SDGs)

In the spring of 2021, a risk analysis was conducted under the leadership of the Sustainability Officer and with the involvement of the risk management and compliance teams (second line of defence) as well as participants from the first line of defence. Business segments were identified and prioritised in relation to possible risks connected with potential human rights violations.

In the context of the risk analysis, the following areas were identified and prioritised in relation to potentially adverse impacts on human rights in terms of inherent risks, leverage and management maturity:

- First degree priority:
 - Facultative reinsurance business
 - Asset management
- Second degree priority:
 - Purchasing (in particular IT)
- Downstream priority:
 - Employees (high management maturity)
 - Obligatory reinsurance business (low leverage)

The identified and prioritised areas are adding more detail to this analysis as part of their role as the first line of defence and determining measures.

Reinsurance business

103-2

Our clients are mainly primary insurance companies whose employees are considered to have a similarly low risk exposure as our own employees for whom we therefore do not see any particular risks in terms of a violation of human rights. With regard to our underwriting activities, we take a differentiated view of our facultative (individual risks) and obligatory reinsurance business.

In facultative reinsurance business, we write reinsurance contracts for individual risks, i.e. the contracts can be assigned to specific projects or policyholders. Based on our risk analysis, we have identified the greatest risk of potential impacts on human rights in the following particularly exposed areas: large construction projects (including dams, mines, and pipelines), the operation of mines as well as companies associated with internationally controversial weapons. To tackle such risks, our facultative division has adopted an ESG manual and trained facultative underwriters worldwide on it. We report on our concrete approach in the chapter ESG in insurance business.

In our obligatory reinsurance business, we provide reinsurance for large-volume portfolios that may contain heterogeneous elements. It is not possible to assign concrete impacts on rights holders. However, we are in the process of intensifying the dialogue with our clients in order to obtain a more precise overview of the insured risks of these contracts.

Asset management

103-2

Hannover Rück is active as an investor on the capital market. The inclusion of ESG criteria has been enshrined in our “Responsible Investment Policy” since 2012.

Within our self-managed investments, all fixed-income securities (government and semi-government bonds, corporate bonds and collateralised bonds) as well as listed equities are subject to half-yearly negative screening with the aim of identifying human rights violations, among other ESG concerns. This is conducted half-yearly with the support of an external provider.

We report on our concrete approach in the chapter ESG in Asset Management.

Suppliers

102-10, 103-2, 205-2

As a service company, we do not have a classic upstream or downstream supply chain of raw and auxiliary materials or manufactured goods such as manufacturing companies. Nevertheless, we also purchase a wide range of goods and services. We conduct risk assessments in order to identify sourcing categories that have a higher risk from a human rights perspective and we take measures accordingly.

We address the issue of human rights with our Code of Conduct for Suppliers. Among other things, the Code requires compliance with legal and ethical provisions, respect for human rights including compliance with the core labour standards of the International Labour Organization (ILO), and compliance with all applicable regulations in the areas of health, safety and environmental protection. When it comes to the observance of human rights, this excludes forced labour, human trafficking, involuntary working and other forms of so-called modern slavery. We do not tolerate any form of bribery, corruption and/or embezzlement and, not least through the Code of Conduct, we demand the same from our suppliers. The Code also requires our suppliers to set up a management system that ensures compliance with the listed points. Our Code of Conduct for Suppliers includes the legal requirements applicable to us. For further information, we would refer to our Code of Conduct for Suppliers and our statements on the UK Modern Slavery Act as well as on the Modern Slavery Act 2018 (Australia) on our website.

As far as human rights due diligence is concerned, we see the greatest risk in connection with the procurement of IT hardware. For this reason, we have adopted an IT Procurement Guideline that is valid Group-wide and contains consistent rules governing the purchasing of IT products throughout the organisation. It provides for all bottleneck, leverage and stra-

tegic suppliers to be subject to monitoring. Recognition of the Code of Conduct for Suppliers is mandatory (separately or through a master agreement). If a supplier submits an own code of conduct, the document is subject to further review and verification. Vendors are commissioned, managed and evaluated using the service management system “ServiceNow”, in which recognition of the Code of Conduct is also stored and tracked. Suppliers who violate our rules are black-listed, thereby alerting purchasers accordingly if such vendors are selected and enabling them to refrain from placing an order. In the 2020 reporting year 91% of core IT suppliers committed to comply with the Code of Conduct for Suppliers or equivalent rules.

We consider the risk in relation to our Facility Management activities to be lower. Purchasing at the Hannover location (excluding IT) is similarly governed by the Code of Conduct for Suppliers. Core suppliers allocated to Facility Management in Hannover are evaluated according to a similar scheme using a separate supplier management tool. In the 2020 reporting year 100% of FM core suppliers committed to the Code of Conduct for Suppliers. Separate checks are omitted for very minor jobs (such as the supply of specific books and journals, individual tasks performed by tradespeople).

In the context of the review of suppliers conducted in the year under review, no suppliers were identified in respect of which freedom of association or the right to engage in collective bargaining are in substantial jeopardy, a considerable risk of child labour, forced labour or involuntary working exists or environmental regulations have been violated. No were there any significant changes in relation to suppliers.

Employees

103-2

Our employees are a key factor in our own success as a company. The promotion of fair working conditions and a healthy and non-discriminatory working environment is part of our corporate culture.

We do not tolerate any form of discrimination or harassment, as enshrined in our Group-wide Code of Conduct. We also respect employees’ right to freedom of association and collective bargaining over working conditions and will neither discriminate against nor favour employees on account of their involvement in such activities.

Within our human resources management, we promote diversity and equal opportunities at the workplace. We adhere to the highest health and safety standards for our employees and have implemented additional measures to support the health and well-being of our staff, including encouraging a work-life balance and complying with all applicable working-time regulations. Personal data of our employees are protected through strict adherence to statutory data protection regulations.

Given that our employees are highly skilled personnel and we attach the highest priority to compliance with applicable national, collective bargaining and company rules, we do not see any risk of serious breaches of human rights. Issues such as discrimination, equal opportunities and harassment nevertheless require continuous attention and monitoring. We manage these issues through our human resources management structure.

For further information, we refer to the chapters “Employees” and “Compliance” in this report.

Voluntary commitments

102-12

Since May 2020, Hannover Re has been a signatory to the UN Global Compact. This is a voluntary international initiative between the business world and the United Nations for responsible corporate governance.

The required Communication on Progress is integrated into the present sustainability report. For an allocation of our activities to the principles, please see page 89 of the GRI Index. At the same time, Hannover Re has recognised for all employees worldwide the core labour standards of the International Labour Organization (ILO), which elaborate the four basic principles of the ILO in the form of eight fundamental Conventions.

Since December 2020, Hannover Re has also been a signatory to the Principles for Responsible Investment (PRI). Reporting will take place for the first time in 2022.

Furthermore, since April 2021 Hannover Re has been a signatory to the UN Principles for Sustainable Insurance (PSI) and a member of the United Nations Environment Programme Finance Initiative (UNEP-FI). We support the call of the PSI initiative for transparency. The required public disclosure of

progress is integrated into the present sustainability report. For an allocation of our activities to the principles, please see page 89 of the GRI Index.

Dialogue

102-40, 102-42, 102-43, 103-1

The trust of our stakeholders is an important prerequisite for our entrepreneurial success. 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 (NGOs), professional associations, regulators and the public sector. In addition, we have expanded our reporting and for the first time - also at the suggestion of our stakeholders - we are including content in this report that is aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), as well as content on the Sustainable Development Goals (SDGs).

Dialogue was identified as a material topic in our materiality process, enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Goals of the sustainability strategy 2021–2023

N 29

Goal	Target indicator
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

Dialogue formats

103-1, 103-2

We cultivate an ongoing dialogue in a variety of ways. In investor conferences and roadshows, 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 – amongst others in relation to topical issues in insurance supervision and financial market regulation.

Furthermore, we take part in different initiatives that address the financial costs of natural disasters in developing and emerging countries due to underinsurance. For further infor-

mation, please see the chapter “Sustainable Protection” in this Sustainability Report.

We are in contact with various environmental, social and governance (ESG) rating agencies as part of our sustainability activities 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 improvement.

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

Since February 2020, Hannover Re has been rated C+ by ISS-ESG with a decile ranking of 1. The rating was reaffirmed by ISS-ESG in March 2021 and our company was recognised with “Prime” status for the sixth time in succession. Special mention was also made of our high level of transparency.

In 2021, Hannover Re was rated “A” under the MSCI rating process (on a scale of AAA-CCC).

In December 2020, Hannover Re received a score of 16.2 from Sustainalytics and was assessed as a low risk in terms of major financial impacts based on ESG factors.

We were also evaluated by Vigeo Eiris 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).

We report on our activities annually on a voluntary basis as part of our sustainability reports (GRD) as well as our “Combined non-financial information statement”, which is drawn up in accordance with §§ 315c in conjunction with 289c to 289e German Commercial Code (HGB). The non-financial information statement was audited with limited assurance in the year under review by an independent auditing firm in accordance with the audit standard ISAE 3000 (Revised).

Advocacy 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.

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)
- United Nations Environment Programme Finance Initiative (UNEP FI) (www.unepfi.org)
- Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU) e.V. (www.vfu.de)
- VOICE Bundesverband der IT-Anwender e. V. (www.voice-ev.org)
- Gesellschaft für Datenschutz und Datensicherheit e. V. (www.gdd.de)

Climate change

103-1, 103-2, 201-2, own disclosure

Climate change, defined as naturally occurring or human-caused climatic changes, and the associated effects are considered a central challenge of our time. The correlation between the concentration of carbon dioxide in the earth's atmosphere – in particular due to human activity – and the rise in the global average temperature and increased moisture in the atmosphere has been scientifically demonstrated. Associated consequences such as extreme weather events and natural disasters, e.g. heatwaves and droughts, severe precipitation events and storms, and also continuous processes such as the melting of glaciers and rise in sea levels, have far-reaching effects on society and the business world and cause considerable economic and insured losses. What is more, further environmental concerns, such as the proper functioning of ecosystems or the water resources of ground and surface waters, are directly affected by climate change. If the global average temperature were to continue rising unchecked, this would increase the scale and impacts of such phenomena. Climate change thus already presents a significant macroeconomic risk and has wide-ranging implications for the (re)insurance industry.

In view of these extensive environmental, economic and social impacts, climate change is at the heart of numerous national and international regulatory initiatives and measures. A key driver here are the goals set out in the Paris Agreement on climate change, under which the community of nations committed in 2015 to limit the rise in the global average temperature to well below 2 °C, preferably to 1.5 °C Celsius, compared to pre-industrial levels.

In view of its worldwide business activities, Hannover Re is subject to widely differing regulatory frameworks governing the attainment of global climate targets and the funding of investments needed for this purpose. Particularly notable in Europe are the EU action plan on funding sustainable growth and the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050. All resulting regulatory measures are closely interlinked and focused on sustainable finance and investment.

The EU action plan, in particular, goes hand-in-hand with numerous implications for the financial industry. It encompasses altogether ten measures designed primarily to achieve three goals: reorient capital flows of private and institutional investors towards sustainable investments, integrate sustainability aspects into risk management and foster transparency and long-termism on the capital market. The basis for many measures is the creation of a consistent EU classification system for sustainable activities, the EU Taxonomy. This defines the conditions that an economic activity must satisfy in order to be classified as sustainable – and hence as an appropriate target for sustainable investments. Given the urgency of climate change, two climate-related objectives were initially defined in the form of “climate change mitigation” and “climate change adaptation” and supported with specific technical requirements for the economic activity in question. As a next step, criteria are to be elaborated for four more environmental objectives as well as for social and governance issues.

Climate change and the regulatory measures for tackling its causes and effects are accompanied by a number of implications for Hannover Re's operations, too. They relate, in the first place, to the physical consequences of climate change, such as the increase in the frequency and severity of losses from extreme weather events. At the same time, climate targets and the associated regulatory requirements in the financial sector, and also especially in the real economy, necessitate the further evolution and transitioning of business models towards a greenhouse gas-neutral business model (transitory risks). Both the physical and the transitory risks are, in principle, relevant to both core business segments, namely reinsurance and investing. At the same time, the desired transition to a climate-friendly, resource-conserving economy also creates opportunities for us, in particular from the redirection of capital flows and the need to provide insurance support for new, climate-friendly technologies.

Climate change was identified as a material topic in our materiality process and enshrined in our sustainability strategy 2021–2023. This represents a cross-cutting issue which is reflected across all action fields and has been supported in each case with goals and measures. For an overview of these goals please see the chapter “Metrics and targets” in this Sustainability Report.

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

Key points of the TCFD-aligned reporting

With our first reporting aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) we are documenting the status of our activities in relation to opportunities and risks connected with climate change. The TCFD structures its recommendations according to four thematic areas: Governance, Strategy, Risk Management as well as Metrics and Targets. By publishing the TCFD report, we are also meeting the corresponding obligation as a signatory to the Principles for Responsible Investment (PRI).

Governance

102-18, 102-20, 103-2

As a general principle, all ESG topics and the associated risks and opportunities go hand-in-hand with more exacting expectations for the role of management. Requirements derive not only from the TCFD recommendations, but also from – among other things – the G20/OECD Principles of Corporate Governance, the EU Sustainable Corporate Governance Initiative, Solvency II, the Corporate Sustainability Reporting Directive (CSRD), the Federal Financial Supervisory Authority (BaFin) Guidance Notice on Dealing with Sustainability Risks and the German Corporate Governance Code. It is envisaged that management will take on a prominent role in organising ESG issues and consider them in its leadership of the company.

The Executive Board is accountable for the underlying strategies, the implementation of appropriate structures and the provision of suitable resources as well as for defining responsibilities in the organisational guidelines. The Supervisory Board is responsible for advising and supervising the Executive Board in its management of the company, including with respect to risk management.

Hannover Re has set up risk management functions and bodies Group-wide to safeguard an efficient risk management system.

Management and Risk Committee

103-18

The Executive Board's responsibility for the proper organisation of the company's business also extends to oversight of the internal risk management and control system and explicitly includes overall accountability for definition of the risk strategy, the risk capital and the specification of limits for large risks that – if exceeded – could have a significant influence on the net assets and financial position. In connection with risks relating to climate change, this includes chronic and acute physical risks, transitory risks and liability risks – especially in reinsurance business and in asset management. The Executive Board additionally bears overall responsibility for operational environmental management.

The Risk Committee, which meets quarterly under the leadership of the Chief Executive Officer, is a vital element of the governance structure. The Chief Executive Officer takes responsibility both for risk management and for the ESG governance structure described below. Further participants are one member of the Executive Board from Property & Casualty reinsurance and one from Life & Health reinsurance, the Chief Financial Officer (CFO), the Chief Controller and the Chief Risk Officer (CRO). The Risk Committee ensures and advances a risk culture, submits proposals to the full Board of Directors for setting and limiting material ESG risks, is involved in the New Product Process, and supports the Executive Board in the monitoring and steering of risks and risk positions. The Risk Committee reports to the Executive Board on a regular and as needed ad hoc basis.

With respect to risks associated with climate change, the Executive Board takes decisions on the risk appetite based on the recommendations of the Risk Committee. In the context of risk monitoring, the Executive Board determines the risk appetite for natural perils once a year on the basis of the risk strategy. To this end, it specifies the portion of the economic capital that is available to cover risks from natural perils. Risks relevant to climate change are therefore regulated in our NatCat Exposure Management Guideline (EMG). This sets out the cross-department management process for risk exposures in particular natural catastrophe risks within the Hannover Re Group. The Exposure Management Guideline defines clear responsibilities and rules and constitutes the basis for our underwriting approach in this segment.

Our climate strategy in asset management, through which we aim to support the goals of the Paris Agreement on climate change, was approved by the Executive Board at its retreat in the spring of 2021.

The concept of the three lines of defence

On the level below the Executive Board Hannover Re adopts a systematic approach based on three lines of defence. The first line of defence within the Hannover Re Group consists of risk steering and the original risk responsibility in the departments and in the operational management. In this context, each employee is responsible for assessing, managing and avoiding risks. The second line of defence is made up of the core functions of risk management, the actuarial function and the compliance function, which are responsible for process-integrated monitoring and control. These functions are responsible for process-integrated monitoring and control. The third line of defence is the process-independent monitoring performed by the internal audit function.

Complementary process-independent monitoring and quality assurance of risk management is performed by additional external instances (supervisory authorities, independent auditors and rating agencies). The independent auditor, in particular, examines the risk early-warning system and the internal monitoring system in relation to the accounting. The risk management system is rounded off with process-integrated procedures and rules, including for example the internal control system.

The flow of information on all material risks and their potential implications takes place in a systematic and timely manner as part of risk reporting. The central risk reporting system consists primarily of regular risk reports, covering for example the overall risk situation, adherence to the key indicators defined in the risk strategy or the capacity utilisation of the natural catastrophe scenarios. Complementing the regular risk reporting, immediate internal reporting occurs as necessary on material risks that emerge at short notice.

For further information on the structure of our risk management system, please see the opportunity and risk report contained in the management report as part of our Group Annual Report 2020 on page 81 et seq.

ESG governance structure

With a view to strengthening management structure in relation to ESG-relevant issues, the Executive Board approved a new ESG governance structure in the spring of 2021. The core elements are the newly created “Sustainability Function”, the “ESG Management Team” and a supporting “ESG Expert Network”. Content responsibility under ESG governance also extends to the aspects associated with climate change.

The integration of risk management into both the ESG Management Team and the ESG Expert Network ensures that the management of sustainability and climate risks is closely dovetailed.

The new governance structure initially provides for quarterly reporting to the full Executive Board. ESG topics were additionally addressed in multiple submissions to the Executive Board during the 2020 reporting year. Standard reporting on sustainability to the Risk Committee was also developed.

For more extensive information on the structure of our sustainability management and the Sustainability Function please see the chapter “Foundations” in this Sustainability Report.

Operational environmental management is the responsibility of an Environmental Officer, who is assigned to the department “Group Performance & Strategy Development”. In common with the Sustainability Function and the Risk Management, Group Performance & Strategy Development similarly falls within the Chief Executive Officer’s scope of responsibility.

Strategy

102-11, 103-2

It was as long ago as 2011 that Hannover Re first drew up a sustainability strategy specifying in more concrete detail the Group’s higher-order corporate strategy and committing the company explicitly to its strategic objectives of sustainable value creation. Climate change was identified as one of the material topics and integrated into the sustainability strategy. The sustainability strategy also encompasses goals for operational environmental management. Parallel to the Group strategy, the sustainability goals are also revisited in a three-year cycle and adjusted on the basis of the conducted materiality analysis.

For more extensive information on our Group strategy and sustainability strategy, please see the chapter “Fundamentals” in this Sustainability Report.

The risk strategy is central to our handling of opportunities and risks and hence also to risks connected climate change. This risk strategy fleshes out in greater detail the goals of risk management and documents the understanding of risk. Hannover Re has defined eight higher-order principles in the risk strategy:

1. We monitor adherence to the risk appetite set by the Executive Board.
2. We integrate risk management into value-based management.
3. We promote an open risk culture and the transparency of the risk management system.
4. We fulfil supervisory requirements.
5. We fulfil the requirements of rating agencies.
6. We act in accordance with the principles of materiality and proportionality.
7. We make balanced use of appropriate quantitative and qualitative methods.
8. We ensure the independence of the risk management function.

The risk strategy is subordinate to the corporate strategy and is reviewed and approved annually by the Executive Board.

In combination with the Framework Guideline on Risk and Capital Management (including the system of limits and thresholds for the material risks of the Hannover Re Group), our risk strategy constitutes the central element of our risk management system. Our risk management system is subject to a continuous plan-do-check-improve cycle. In particular, the systematic identification, analysis, assessment, steering and monitoring of risks as well as the risk reporting are of pivotal importance to the effectiveness of the system as a whole.

In our identification, analysis and assessment of risks we consider three time horizons – short-term (0–1 year), medium-term (1–5 years) and long-term (5–20 years). In relation to risks associated with climate change, we are guided by the Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) (RCP8.5) and consider an additional period until the year 2100.

As a general principle, risks are defined as material if they can result in a loss of $\geq 12.5\%$ of the planned EBIT or a loss of $\geq 2\%$ of the economic capital with a probability of $\geq 5\%$. All material risks are included in a risk register and assigned limits and thresholds.

In common with other ESG risks, meta-risks – which also include the impacts of climate change – affect various categories of the risk register. Of all ESG risks, the impacts of climate change were identified as potentially the most serious risk in relation to the financial position and net assets and they are therefore closely analysed, assessed, steered and monitored in the context of our risk management process. The focus is currently on the frequency and severity of natural catastrophes (physical risks, acute and chronic), on transitory

risks, especially in connection with investment activities, as well as on potential liability risks that could materialise for us as a liability reinsurer from recourse to producers of climate-relevant products. As far as natural catastrophes are concerned, payables in respect of which individual loss events exceed EUR 10 million are considered material.

In the 2020 year under review we set up the “Climate Change Stress Test” working group, which is tasked with developing options for assessing the various risks resulting from climate change. The focus here is on determining an appropriate scenario for our physical risks, a qualitative method of assessment for process risks as well as “stranded assets”, which – among other things – represent our transitory risk. The working group meets once a month and reports quarterly to the Risk Committee. The insights gained are additionally included in the Own Risk and Solvency Assessment (ORSA) report.

This assessment is performed once a year as part of the governance requirements and second pillar of Solvency II. The ORSA report contains analyses of current and emerging risks that could affect Hannover Re’s financial stability. We use the “Internal Model” to calculate the capital requirements from Solvency II in connection with the allocated risk capital. The report further contains information on capital resources, stress tests, scenario analyses and the interplay between risk and capital management.

Our working group on “Emerging Risks & Scientific Affairs” develops risk briefings and position papers on a range of topics – including ESG issues – as a preventive move to avoid environmental and other ESG losses (precautionary approach). These are used by our underwriters and asset managers, among others, to identify inherent risks. In addition, ESG risks – just like compliance risks – which in general involve laws and regulations relating to environmental legislation or ESG requirements are a subject for review in every New Products Process (NPP). Our Risk & Capital Management Guideline, which contains supplementary work instructions and definitions regarding climate change and other ESG topics, is valid Group-wide.

For further information, we would refer to our risk and opportunity report as part of our Group Annual Report as well as the “Solvency and Financial Conditions Report” (SFCR), which we publish on our website.

The Property & Casualty Executive Committee, the Investment Committee and the Environmental Officer similarly develop and discuss climate-related strategic objectives and operational measures.

Opportunities

102-15

Along with risk management, we attach considerable importance to opportunity management. Hannover Re searches systematically for new business opportunities in order to generate sustainable growth and strengthen the company's profitable development. With a view to identifying opportunities and successfully translating ideas into business, Hannover Re adopts a number of closely related approaches in order to achieve holistic opportunity and risk management. Key elements in Hannover Re's opportunity management include its various market-specific innovations in the Life & Health and Property & Casualty reinsurance business groups.

Climate change can, for example, lead to changes in extremes (e.g. temperatures, precipitation amounts, number of tropical cyclones) as well as changes in weather patterns and structures. Such changes can, in turn, prompt increased demand for reinsurance products designed to protect against natural catastrophes and they can also be reflected in new opportunities. As one of the largest reinsurers in the world, Hannover Re offers a diverse range of products that help customers to protect themselves against elevated losses (in terms of both frequency and severity) from natural disasters.

Simulation models for the assessment of natural catastrophes

Our subsidiary E+S Rück offers its customers various simulation models to evaluate the risks associated with natural perils. Based on the latest scientific insights and drawing on historical data, E+S Rück has, for example, developed a proprietary model to assess the hail exposure of motor vehicles in Germany. The tool ES | HagelT® not only evaluates cedants' portfolios with an eye to hail exposure and catastrophe coverage, it is also used by E+S Rück itself as part of its own risk management.

The agricultural sector is especially hard hit in this respect. Given the growing need for food and increasingly extreme weather conditions, demand for agricultural covers is expected to rise around the world. Not only that, protecting agricultural production is of considerable relevance to the development of structurally deprived regions. In our assessment, index-linked microinsurance products offer additional growth potential in emerging markets, not least in view of the fact that the G7 countries have defined agricultural insurance as a tool for fighting poverty. Against this backdrop, we have stepped up our collaborative efforts with government and international organisations to expand agricultural insurance. Through our cooperation with the Insurance Development Fund (IDF), the Munich Climate Insurance Initiative (MCII)

and the project "Promoting Resilient Communities" we want to play our part in closing the protection gap.

As an additional factor, changes in temperature extremes around the world can lead to higher rates of mortality, which in turn can generate stronger demand for our products in life and health reinsurance. Here, too, there are protection gaps that we are seeking to close with the aid of microinsurance and microfinance solutions. We work together with a number of cooperation partners that contribute their own specialist know-how to both the conceptual design and the implementation of microinsurance products as well as their administration.

Within the "Sustainable Protection" action field, the goals set out by the sustainability strategy 2021–2023 therefore include expanding insurance protection for emerging and developing countries in relation to extreme weather events and natural disasters.

Parallel to this, Hannover Re is playing a part in the global energy transition through the reinsurance of renewable energy sources. In this regard, we are targeting a 60% increase in the facultative premium volume from renewables by the year 2023 relative to the level in 2020.

Risk management

102-15, 103-2

The recommendations made by the TCFD differentiate between an outside-in perspective (what risks can arise from the company as a consequence of climate change) and an inside-out perspective (what influence does the company have on climate change).

Outside-in perspective

Reinsurance business

Outside-in risks in reinsurance business associated with climate change include, most notably, physical risks. Insured losses may be due to the effects of temperature, wind, water or soil. Such events can in turn be divided into those which materialise in acute form (e.g. extreme weather events, storms, (bush)fires), drought, floods, landslides) as well as chronic changes (e.g. changes in precipitation frequency, rise in sea level, rise in the average temperature). All physical risks may be accompanied by both an increase in severity and frequency in the insured property portfolio and by higher morbidity or mortality and can thus affect both main lines of reinsurance business.

Both external and internal risk models are used to model catastrophe scenarios. A team of more than 20 experts applies, analyses and refines these models in close collaboration with specialised providers, scientific experts and institutions. In addition, we make use of deterministic climate change sce-

narios and forward-looking simulation models with the goal of evaluating potential implications of climate change for our entire business activity and establishing measures to steer the business on this basis. The monitoring of risks deriving from natural perils is rounded off with stress tests as well as scenario and sensitivity analyses.

In this context Hannover Re uses a climate-related approach developed in-house as a qualitative scenario, which in turn encompasses two different scenarios (moderate and severe).

- The moderate scenario assumes an increase in the global (average) temperature of at most 2 °C in the year 2050 and is thus in accordance with the goals of the Paris Agreement. This scenario is currently applied to climate-related risks in the United States, where Hannover Re writes a significant part of its reinsurance business. An extension to other regions is in the pipeline.
- The severe scenario assumes an increase of more than 2 °C compared to the period 1986–2005.

The quantitative scenario used by Hannover Re is currently a sensitivity analysis for flood and tropical cyclones.

The results of the analyses are incorporated into, among other things, the determination of limits and exclusions that we use to manage the type and scope of risk acceptance in those areas that are particularly associated with climate risks. On the basis of climate-related analyses and scenarios, maximum amounts are defined for risk limitation purposes with respect to various extreme loss scenarios and return periods, adherence to which is verified as part of risk management. The Executive Board, the Risk Committee and the Property & Casualty Executive Committee are kept regularly informed of the degree of capacity utilisation.

The limit and threshold for the 200-year aggregate loss as well as the utilisation thereof are as follows:

Limit and threshold for the 200-year aggregate annual loss as well as utilisation thereof N 31

in EUR million	Limit 2020	Threshold 2020	Actual utilisation (July 2020)
All natural catastrophe risks ¹			
200-year aggregate annual loss	2,299	2,069	1,702

¹ Loss relative to the underwriting result

For the early detection of climate-related risks we also consider developments in relevant areas as well as regulatory requirements and rating agency publications. As a member of the International Insurance Law Association (AIDA) we engage in a close exchange of views with other (re)insurers. Furthermore, our working group on “Emerging Risks & Scientific Affairs” regularly analyses and assesses the potential implications of megatrends for Hannover Re’s business activities. Altogether, our experts have an eye on some 20 megatrends. Along with climate change, aspects such as the decline in biodiversity and scarcity of resources are monitored.

Transitory risks can arise in connection with the transition to a climate-friendly economy. In reinsurance business, for example, they materialise where the impacts of climate change affect the economic development of industries or national economies and hence also demand for insurance offerings. What is more, the desired transformation may go hand-in-hand with a number of regulatory requirements or political measures that similarly influence business activity and are monitored by our risk management and the compliance department.

Interdependencies and interactions may exist between physical and transitory risks.

In addition, we track potential risks of legal changes as well as claims tendencies in relation to states and producers of climate-relevant goods (liability risk). In the event of possible fault-based liability, we would also be affected – as a reinsurer of various industries – even though ultimately it may well be difficult to trace a presumed wrongful act back to individual companies.

Investments

When it comes to investing, physical outside-in risks arise, for example, as a consequence of direct damage to assets such as real estate or infrastructure.

At the same time, it is to be expected that different sectors and companies will be impacted with varying severity by climate change and the climate policies intended to fight it; this may be associated with transitory risks. In some industries, the existing business model as a whole is in doubt, as is the case with operators of fossil fuel power plants or sectors engaged in coal mining or oil extraction. In other industries, it will no longer be possible to use the systems and technologies in use today – such as the internal combustion engine. These developments influence the business opportunities and earnings potential of companies and hence their financial standing, ability to distribute dividends and share price

growth – which also makes them relevant for investment purposes. Regulatory requirements, in particular, entail the risk that assets can lose value comparatively quickly and with little warning, causing them to become “stranded assets”.

Climate-related and other ESG topics are discussed by the “Investment Committee”, which includes the Chief Executive Officer and another member of the Executive Board. The committee meets at least every six months. It is responsible, among other things, for defining sustainability parameters and benchmarks. All decisions respect the established frameworks, most notably the “Responsible Investment Policy”.

Inside-out perspective

Reinsurance business

In the context of climate-related inside-out risks, we analyse impacts arising in the course of our business operations.

Through the development and roll-out of insurance solutions for innovative climate-friendly technologies Hannover Re makes an active contribution to the economic transition.

At the same time, we are reducing our footprint in core business by implementing specific exclusion criteria. Since 2019, Hannover Re has already applied concrete exclusions in its facultative business for oil sands, thermal coal and associated infrastructure. In addition, it has decided to completely exit the reinsurance of thermal coal in its entire property and casualty reinsurance portfolio by the year 2038 in view of the considerable climate impacts and associated transitory as well as reputational risks.

For further information, we would refer to the sections “Sustainable Protection” and “ESG in insurance business” in the chapter entitled “Core business”.

Investments

In our investing activities, too, we can play our part in counteracting climate change through our decisions. By investing systematically in investments that support the transformation towards a climate-friendly economy, we actively promote climate protection. These include, in particular, infrastructure investments in renewable energy sources and clean transportation solutions.

At the same time, on the investment side we similarly apply specific, climate-related exclusions and systematically rule out from our investments, for example, companies that generate more than 25% of their revenues from the mining or burning of thermal coal or the extraction of oil from oil sands.

We summarise our approach in a climate strategy by means of which we initially intend to reduce the carbon intensity (Scope 1 and 2) of our assets under own management from listed equities and fixed-income securities by 30% by the year 2025 compared to the base year of 2019. Our decarbonisation efforts are managed on the basis of an external “carbon risk rating” that gives us a comprehensive overview of our asset portfolio’s carbon footprint.

For further information, please see the section on “ESG in asset management” in the chapter “Core business”.

Operations

Hannover Re is convinced that a comprehensive and consistent approach to tackling the challenges of climate change also includes managing the environmental and climate-related impacts of its own operations. This is just one reason why Hannover Re has had an environmental management system certified in accordance with the international standard DIN EN ISO 14001 since as long ago as 2016 at its head office in Hannover.

The focus of our climate protection efforts is on reducing CO₂ emissions, which are caused above all by our business travel and more broadly by the supply of power and heat to our buildings. We have operated with a net zero carbon footprint at our Hannover location since 2016. Key factors in this achievement were the changeover in our electricity supply to renewables from 2012 onwards as well as the offsetting of our remaining greenhouse gas emissions through a not-for-profit provider.

Hannover Re has been able to consistently reduce the CO₂ emissions caused here in business operations over recent years.

We plan to progressively expand our measures for operational environmental management to our international locations.

Metrics and targets

102-48, 103-3, 305-1, 305-2, 305-3

Hannover Re sets three points of emphasis when it comes to giving systematic consideration to climate-related risks and opportunities in the reinsurance business:

- Decarbonisation of the reinsured portfolio
 - Rigorous implementation of the phased plan to exit reinsurance for the mining and burning of thermal coal as well as the associated infrastructure.
 - Complete withdrawal from thermal coal in the entire property and casualty reinsurance portfolio by 2038
- Development of insurance solutions
 - Developing and rolling out insurance solutions to help fight the causes and consequences of climate change
 - Increasing the facultative premium volume in the area of renewables by 60% by 2023 relative to the base year of 2020
 - Expanding insurance protection for emerging and developing countries in relation to extreme weather events and natural catastrophes
 - Expanding sustainable insurance solutions to mitigate the impacts of climate disasters and natural catastrophes
- Expanded use of risk analyses
 - Systematic expansion of climate-related stress tests as well as sensitivity and scenario analyses as a basis for managing the reinsured portfolio
 - Promoting the development of actuarial methods for the evaluation of risks associated with natural perils and climate changes

In its investing activities, Hannover Re is similarly concentrating on three main objectives:

- Decarbonisation of the asset portfolio
 - Reducing the carbon footprint (Scope 1 and 2) of assets under own management from listed equities and fixed-income securities by 30% by the year 2025 relative to the base year of 2019 (reduction of 10% by 2023)
 - In the medium term, measurement and reduction of CO₂ emissions for illiquid asset classes as well (e.g. real estate)
- Investing in sustainable investments
 - Increasing investments in sustainable investments that counteract climate change and/or support the United Nations Sustainable Development Goals,
- Active engagement with issuers
 - Use of voting rights and active dialogue with issuers

In its operations, Hannover Re is committed to avoiding and reducing CO₂ emissions. We offset the remaining emissions to the best of our ability:

- Decarbonisation of operations
 - Reducing CO₂ emissions by 25% for each employee at the Hannover location by 2023 relative to the base year of 2019
 - Expanding data capture of CO₂ emissions to at least 75% of the workforce by 2023
 - Offsetting all CO₂ emissions recorded on this basis by 2023
 - Raising awareness of environmental issues among the workforce

CO₂ emissions pursuant to the Greenhouse Gas Protocol (Hannover location)¹

N 32

in t CO ₂		2020 ²	2019 ²	2018	2017	2016
Scope 1	Total	23.94	28.36	34.80	37.62	35.45
Scope 2	market-based	231.19	255.17	266.87	245.43	258.08
	location-based	1,858.58	2,471.44	4,059.56	5,293.41	5,438.06
Scope 3	Total	1,771.62	7,986.82	8,088.55	7,999.93	8,073.19
	Business travel	1,579.01	7,981.03	8,081.67	7,991.25	8,063.96
	Air travel	1,579.01 ³	7,977.23 ³	8,077.60	7,984.46	8,057.00
	Train travel	0	3.80	4.07	6.79	6.96
	Paper	3.74	5.79	6.88	8.68	9.23
	Remote working	61.67	–	–	–	–
	Cloud computing	127.2	–	–	–	–
	Data centre	0	–	–	–	–

¹ As part of our continuous improvement of the report, we revised our emissions in the year under review in accordance with the Greenhouse Gas Protocol.

² Excluding HGS.

³ Radiative Forcing Index 2.7 (RFI 2.7).

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 operations.

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.

Goals of the sustainability strategy 2021–2023

N 33

Goal	Target indicator
Social commitment	
Expanding corporate citizenship	Increase of 20% in the existing budget by 2023

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.

organisations associated with them. Compliance with this policy is verified by Group Auditing.

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

Altogether, we supported projects and initiatives with a worldwide donation volume of more than EUR 820,000 in the year under review.

Our commitment to the fight against Covid-19

The 2020 reporting year was dominated by the Covid-19 pandemic, which influenced every aspect of life in society and the global economy. With this in mind, we wanted to make our contribution – above and beyond reinsurance – in support of measures to stop the spread of Covid-19.

Against this backdrop, donations relating to the Covid-19 pandemic were made at various locations around the world in the year under review. In India, for example, we lent our support to the Covid-19 relief fund launched by the Concern India Foundation. Concern India is a registered non-profit, public charitable trust that extends financial and non-financial support to grassroots NGOs working in the areas of education, health and community development. Through the Covid-19 relief fund, the Foundation sponsors state and private hospitals with medical equipment for treating underprivileged Covid-19 patients.

Our Canadian branch supported the CanadaHelps COVID-19 Healthcare & Hospital Fund and the Toronto General and Western Hospital Foundation (UHN), which assist Canadian hospitals and healthcare providers on the pandemic frontline. We also provide support to the Canadian Women’s Foundation in order to help at-risk women and girls who are facing increased domestic violence and economic difficulties as a consequence of the pandemic.

As a member of the General Insurance Association of Malaysia, Persatuan Insurans Am Malaysia (PIAM), we donated to a Covid-19 relief fund and a Covid-19 testing fund in order to support the Ministry of Health’s efforts to arrange Covid-19 tests for Malaysians.

In addition, at our Hannover location we are supporting a working group of Hannover Medical School (MHH) that is conducting a study of the long-term damaging effects experienced by Covid-19 patients.

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

Given that the annual Christmas party at the Hannover location could not be held in the year under review owing to the Covid-19 pandemic, the funds were donated to social institutions. Each employee was able to choose from among ten different institutions where their own share should be donated. Altogether, eight different institutions from the aforementioned categories received support.

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. We report at length on our own individual activities in the section “Sustainable Protection” within the chapter “Core business”. They include, for example, our involvement in the Geo Research Center in Potsdam and in the Global Earthquake Model (GEM) Foundation as well as our participation in working groups of the Geneva Association.

With the establishment of the “House of Insurance” in January 2018, we are working together with six other Hannover-based insurers in a cooperative project with Leibniz University of Hannover on a centre for insurance sciences. In addition, there are plans to hold events for scientific and vocational 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, the Kestnergesellschaft Hannover and the Kulturkreis der deutschen Wirtschaft im BDI e.V. (Association of Arts and Culture of the German Economy in the Federation of German Industries e.V.). In addition, we have our own in-house art collection, which is continuously expanded through acquisitions.

The 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.

Against the backdrop of the Covid-19 pandemic, a new element was added to the 2021 exhibition series: members of staff are now able to borrow paintings for their home workspace through the newly created “artothèque”. The four artists make original works available to complement the exhibition held on-site. This makes it possible to engage with the artistic positions before the pieces return to the company's premises. At the same time, the loan opportunity offers a chance to design an inspiring home workspace.

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.

Hannover Re has long been a participant in the “Climate Alliance Hannover 2020”, an initiative launched by the state cap-

ital of Hannover to strengthen cooperation on local climate protection over the long term. By 2016 we had already lived up to our original commitment, namely to emit altogether 40% less harmful greenhouse gases by 2020 than in 1990, as 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 2035 – 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 published in the relevant project publications.

For the fifth 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.

Offsets

Independently from our donations concept, since 2008 Hannover Re has offset as part of our environmental management all calculated CO₂ emissions of its German location (Scope 1 and 2 emissions [market-based] as well as Scope 3 emissions from paper consumption and business trips by train) and all CO₂ emissions due to air travel for the locations in Germany, Australia, India, Japan, Malaysia and Shanghai through the voluntary purchase of climate protection certificates in support of the Rimba Raya project in Borneo.

The Rimba Raya Reserve project not only supports measures against climate change, it also promotes some of the United Nations Sustainable Development Goals (inter alia SDG 1: End poverty, SDG 3: Healthy lives and well-being, SDG 5: Gender equality and empowerment). The project opens up new opportunities for the local population, for example through education and healthcare, thereby advancing the Sustainable Development Goals in multiple ways.

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), 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, our associates select a national charitable organisation every three years that receives support in the first three quarters of each year from all locations based in the region through the Jeans to Work programme.

In the fourth quarter, each North American location supports a community-based/local charitable organisation of its own choosing. As a life and health reinsurer, our selected charities always have some relevance to the industry. In particular, the focus is on measures to assist children, young people and adults in low-income families as well as various campaigns to promote physical and mental well-being. In the year under review, for example, our location in Denver donated to the Healing Warriors Program in support of veterans. Our associates in Orlando supported the Muscular Dystrophy Association of Florida to help fund worldwide studies for the treatment of muscular dystrophy, ALS and related diseases.

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 international 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.

Jeans to Work

As one element of our commitment to society and social responsibility, Hannover Life Reassurance Company of America sponsors an annual fundraising campaign aptly named “Jeans to Work” (JTW). Employees are encouraged to wear jeans to work each day and in return to pay a monthly donation of USD 20 that is deducted through the payroll and goes to a chosen charity. Participants receive a poster that they can hang in their workspace to demonstrate their support for this programme. 85% of the US L&H workforce takes part in the Jeans to Work programme, making it our most popular and lucrative fundraiser. In this way, the company donates more than USD 40,000 every year to its charitable partners. Over USD 350,000 has been collected since the programme was launched in 2006. In 2020, the American Foundation for Suicide Prevention (AFSP) was selected as the main charitable organisation.

Established in 1987, the American Foundation for Suicide Prevention (AFSP) is a voluntary health organisation that gives those affected by suicide a nationwide community empowered by research, education and advocacy to take action against this leading cause of death.

AFSP has made it its mission to save lives and bring hope to those affected by suicide. AFSP creates a culture that supports mental health by dedicating itself to the following core strategies:

- Funding scientific research
- Educating the public about mental health and suicide prevention
- Advocating for a public policy on mental health and suicide prevention
- Supporting survivors of suicide loss and those affected by suicide as part of our mission

At our location in Bermuda, we assisted various social institutions in the year under review. Our efforts include 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.

In Australia, Hannover Re Life of Australasia continued to focus its efforts on creating positive and healthy working environments – and hence also on the health and well-being of employees – through its support for SuperFriend, whose partner we have been since the very beginning.

SuperFriend is a for-purpose organisation that designs and delivers impactful mental health and well-being initiatives. 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 with its partners, SuperFriend works to help members facilitate positive and healthy work environments. The aim is to enable employees to enjoy their working years as well as their retirements. Hannover Re Life of Australasia itself seeks to provide the best possible climate 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 play our part in contributing to an Australia where all workplaces are mentally healthy.

Chefs with Compassion

Compass Insure became the premier partner of Chefs with Compassion in November 2020 with the aim of helping the organisation to establish its infrastructure and, ultimately, to reach more people.

Compass Insure is a South African insurer that plays a major role within our South African P&C business and is a wholly owned subsidiary of Hannover Re South Africa. The company’s business comes exclusively from underwriting management agencies (UMAs) and insurtechs, most of which are also partners or subsidiaries of our South African location.

Chefs with Compassion was launched in May 2020 as a not-for-profit organisation in response to the Covid-19 humanitarian crisis. It is a movement driven by surpluses, rescuing food that would otherwise go to waste and distributing it to a volunteer network of compassionate chefs and community caterers who prepare and serve nutritious meals for the recipients. Chefs with Compassion is a volunteer organisation. Since the beginning of the pandemic, it has rescued more than 470 tonnes of produce and last year distributed almost 1.4 million meals to the needy. With its stated mission “Rescue: Cook: Feed” the initiative is unique in its ability to create a supply chain for bringing surplus food to hungry people. It shows a commitment to environmental and sustainability aspects by redirecting tonnes of foods that would otherwise have gone to waste and to a social development agenda by delivering assistance to needy communities. The organisation was founded by high-calibre, prominent chefs who continue to dedicate themselves to the cause. Just like any charitable organisation operating in a difficult socioeconomic environment, Chefs with Compassion also faces a number of challenges. Sustainability is nevertheless an integral part of the concept, and given its focus on compassion and engagement Chefs with Compassion expects to significantly extend its reach over the coming five years.

As a founding sponsor, Compass Insure provides financial support that has enabled Chefs with Compassion to securely put in place a basic infrastructure, including a small warehouse for food distribution and a managing director who oversees operations. Since this is a young non-profit organisation that is still in its infancy, we are also heavily involved in the programme by supporting the founders with guidance and resources in order to help them lead the NPO into the future and raise awareness of the organisation’s work among key economic and social advocacy groups.

We are proud to partner with Chefs for Compassion and support people and local communities in their time of need.

The Sustainable Development Goals

People, Planet, Prosperity, Peace, Partnership – 5 action fields for a sustainable future

In 2015 the community of nations not only reached a consensus on binding targets for the protection of the climate – the Paris Agreement on climate change –, it also approved an action plan for global sustainable development: the „UN 2030 Agenda for Sustainable Development“ with its Sustainable Development Goals, known as the SDGs for short.

The central goal of the 193 signatories to the Agenda is to significantly improve the living situation of people, especially in countries of the Global South, and to achieve „a world free of poverty, hunger, disease and want, where all life can thrive“. The action fields of the Agenda are described in the preamble with the five “Ps” – People, Planet, Prosperity, Peace, Partnership. Not only the states but also the business community and civil society are called upon to make their contribution to attainment of these goals.

The centrepiece of the UN resolution „Transforming our world: the 2030 Agenda for Sustainable Development“ is the SDGs. Building on the progress made with the eight Millennium Development Goals (MDG), the 17 goals and 169 targets describe specific goals and measures for a sustainable future that can be allocated to the five central action fields. The SDGs encompass both qualitative targets – e.g. target 13.1. „Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries“ – and also concrete quantitative targets – for example target 7.3. „By 2030, double the global rate of improvement in energy efficiency“. In its „Sustainable Development Goals Report“, the UN reports annually on the progress made towards attainment of the goals.

The role of the insurance industry in realising the SDGs

Even though the insurance industry is only addressed once directly in the 169 targets – target 8.10 is to strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services

for all –, it is of fundamental significance to the attainment of the SDGs. This is especially true when it comes to protecting particularly vulnerable populations in countries of the Global South against the effects of diseases and natural perils that pose a threat to their livelihoods. The main task is to raise awareness of the issue and to create access to insurance in order to increase the insurance density worldwide, especially in poorer countries.

Yet also when it comes to fighting hunger, such as through crop insurance, creating jobs and income, inter alia through insurance solutions for micro- and small businesses, gender equality, e.g. by offering microinsurance products for women working in the informal sector, as well as other SDGs, insurers can make a direct contribution towards helping realise the ambitious development goals within the current decade.

People

We are determined to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.



End poverty in all its forms everywhere.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Ensure healthy lives and promote well-being for all at all ages.


Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.




Achieve gender equality and empower all women and girls.


Prosperity

We are determined to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.


7 AFFORDABLE AND CLEAN ENERGY
 Ensure access to affordable, reliable, sustainable and modern energy for all.


Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

8 DECENT WORK AND ECONOMIC GROWTH


9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.


Reduce inequality within and among countries.

10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES
 Make cities and human settlements inclusive, safe, resilient and sustainable.


Planet

We are determined to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.


6 CLEAN WATER AND SANITATION
 Ensure availability and sustainable management of water and sanitation for all.


Ensure sustainable consumption and production patterns.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION


13 CLIMATE ACTION
 Take urgent action to combat climate change and its impacts.


Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

14 LIFE BELOW WATER


15 LIFE ON LAND
 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.


Peace

We are determined to foster peaceful, just and inclusive societies which are free from fear and violence. There can be no sustainable development without peace and no peace without sustainable development.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Partnership

We are determined to mobilize the means required to implement this Agenda through a revitalized Global Partnership for Sustainable Development, based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and most vulnerable and with the participation of all countries, all stakeholders and all people.

17 PARTNERSHIPS FOR THE GOALS
 Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

Employees

As a growing company, we attach considerable importance to attracting motivated and well-qualified employees. Despite the ongoing Covid-19 pandemic, we succeeded in further stepping up our recruitment activities at home and abroad in 2020. Continuously fostering the skills and motivation of our employees and hence assuring Hannover Re's functional capability and competitiveness is integral to our Talent Management initiative.

Supports the following Sustainable Development Goals:





Employees

Our employees

103-1, 103-2, 102-8

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.

In the 2020 reporting year, the labour market and associated personnel management work in the financial sector, just as in other highly skilled industries, continued to be highly complex and were shaped by a wide range of issues. They include, among other things, demographic change, the increasingly rapid transformation of the working world, ever more demanding regulatory requirements as well as digitalisation and automation. Furthermore, the shortage of skilled workers and executive talent – that had already become progressively more acute in prior years – and the resulting fierce competition to attract the best candidates and people remains very real. In addition, since the spring of 2020 both companies and individuals worldwide have found themselves facing hitherto unprecedented professional and personal challenges in connection with the Covid-19 pandemic. All these issues need to be addressed.

As a central interface function, Hannover Re's personnel management is steered to a large extent from Hannover head office. Human Resources Management reports directly to the Chief Executive Officer. Talent management is a pivotal element of the Group strategy 2021–2023 and advances both the ongoing development of employees and the growth of the organisation. "Empowered people" was identified as one of four performance enablers and supported with a strategic Talent Management initiative.

Strategic initiative: Talent Management

Our goal is to attract and retain a strong and dedicated workforce at all our locations. We strive to further strengthen our employer brand, encourage and facilitate mobility across functions and offices, refine succession planning and systematically identify and expand the potential of our employees. Not only that, we plan to focus more heavily on development programmes for underwriting and leadership, strengthen diversity and equal opportunities and improve services through efficient systems, streamlined processes and a global network of human resources professionals.

Since 2020 Hannover Re has been a signatory to the United Nations Global Compact (UNGC) 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 3,218 (previous year: 3,083) Group-wide at year-end 2020.

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 0.57% (previous year: 0.91%) as at the reference date of 31 December 2020. Given our activities as a B2B service provider in the financial sector, there are no temporary fluctuations in the number of staff during the year such as those that may occur in connection with seasonal employment.

As a long-standing participant in the Fair Company initiative, a campaign supported by the publications Handelsblatt and Wirtschaftswoche, we are also committed to the fair employment of interns. This initiative embraces various fundamental principles, including for example not filling full-time positions with interns, volunteers, student employees or long-term temporary workers.

Indicators

102-8

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

S 34

Activity level and employment contract by region	2020				2019		
	Number of employees ²	+/- previous year	Men	Women	Number of employees ²	Men	Women
Number of employees	3,218	135	1,560	1,658	3,083	1,435	1,648
Germany	1,407	11	691	716	1,396	666	730
Europe excl. Germany	521	24	301	220	497	267	230
United States	305	22	155	150	283	148	135
South Africa	480	14	157	323	466	135	331
Asia	302	49	157	145	253	130	123
Americas excl. USA	74	3	38	36	71	38	33
Australia	129	12	61	68	117	51	66
Full-time positions	2,782	119	1,484	1,298	2,663	1,375	1,289
Germany	1,049	1	633	416	1,048	619	429
Europe excl. Germany	473	25	290	183	448	256	192
United States	301	19	154	147	282	148	134
South Africa	469	11	152	317	458	134	324
Asia	298	46	156	142	252	130	122
Americas excl. USA	73	5	38	35	68	37	31
Australia	119	12	61	58	107	51	56
Part-time positions	436	16	76	360	420	60	360
Germany	358	10	58	300	348	47	301
Europe excl. Germany	48	-1	11	37	49	11	38
United States	4	3	1	3	1	0	1
South Africa	11	3	5	6	8	1	7
Asia	4	3	1	3	1	0	1
Americas excl. USA	1	-2	0	1	3	1	2
Australia	10	0	0	10	10	0	10
Permanent positions	2,973	72	1,449	1,524	2,901	1,357	1,544
Germany	1,304	-14	649	655	1,318	636	682
Europe excl. Germany	472	11	272	200	461	245	216
United States	304	22	154	150	282	147	135
South Africa	472	14	150	322	458	131	327
Asia	222	22	125	97	200	111	89
Americas excl. USA	73	5	38	35	68	36	32
Australia	126	12	61	65	114	51	63
Temporary positions	245	63	111	134	182	78	104
Germany	103	25	42	61	78	30	48
Europe excl. Germany	49	13	29	20	36	22	14
United States	1	0	1	0	1	1	0
South Africa	8	0	7	1	8	4	4
Asia	80	27	32	48	53	19	34
Americas excl. USA	1	-2	0	1	3	2	1
Australia	3	0	0	3	3	0	3
Trainees	16	1	9	7	15	8	7

¹ 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 43.7% of our worldwide workforce, this means all individual and collective laws, regulations and directives. At the Hannover location, for example, all employees and executives are subject to:

- the Basic Law (GG),
- the General Act on Equal Treatment (AGG),
- the Protection against Unfair Dismissal Act (KSchG),
- the Act on Part-Time Work and Fixed-Term Contracts (TzBfG),
- the Continued Payment of Wages Act (EFZG),
- the Transparency in Wage Structures Act (EntgTranspG)
- the Federal Leave Act (BUrIG),
- the Working Time Act (ArbZG),
- the Safety and Health at Work Act (ArbSchG),
- the Occupational Safety Act (ASiG),
- the Works Constitution Act (BetrVG),
- the Federal Data Protection Act (BDSG),
- the Federal Parental Allowance and Parental Leave Act (BEEG),
- the Maternity Protection Act (MuSchG),
- the Youth Employment Protection Act (JArbSchG),
- the Social Security Code (SGB I to XII),
- the Act on Long-term Carer's Leave (PflegeZG) and the Family Caregiver Leave Act (FPfZG)

and other relevant laws, legal provisions, (group) company agreements and collective bargaining agreements. The elaboration of workers' rights at the international locations is determined in each case by the applicable laws and legal provisions in the various countries. Other matters are additionally regulated by our Code of Conduct that can be viewed 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 (SEBG), 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 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 the service industry trade union 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. In addition, the right is recognised of every employee to form employee representative bodies and engage in collective bargaining to regulate working conditions. Employees receive neither preferential nor discriminatory treatment on account of belonging to a trade union or representative body.

The employee representatives of Hannover Rück SE are elected by the joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG as the competent representative body pursuant to § 14 (3) of the Agreement on the Participation of Employees in Hannover Rück SE. The employee representatives for the Supervisory Board of E+S Rückversicherung AG are elected by the employees of the joint operation of Hannover Rück SE and E+S Rückversicherung AG.

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 2020, 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 (the Employee Council as well as the Youth and Trainee Council and the Representative Body for Severely Disabled Employees) 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 concerns that they may wish to raise. In addition, tips can be submitted via an online whistleblower system, anonymously if so desired.

In 2020, no instances became known of business operations that could impede the rights to freedom of association or collective bargaining at our company.

Talent Management initiative

103-2

The Talent Management initiative was launched in 2020 and is sponsored by the Chief Executive Officer and another member of the Executive Board. One of altogether four strategic initiatives, it forms part of the Group strategy 2021–2023 and at the same time supports the “Performance enabler: Empowered people”, which has similarly been integrated into the Group strategy.

“The aim is to implement a holistic Talent Management strategy that looks beyond its own local horizons and offers increased opportunities for professional growth at Hannover Re.”

(Jean-Jacques Henchoz speaking at the opening of the first Hannover Re Global Leaders Meeting)

One of the core elements of the initiative is fostering internationality and diversity, which rank among Hannover Re’s major strengths and competitive advantages. For many years now our employees have had the opportunity to be assigned to other locations and thereby gather valuable experience. In the year under review, first steps were taken towards drawing up Group-wide guidelines for remuneration and fringe benefits as well as for multilocation deployments. Vacancies are advertised across the Group through the intranet.

Further goals of the initiative are:

- developing a Group-wide supporting Hannover Re IT system,
- optimised succession planning,
- expanding programmes for learning and development,
- taking further steps to promote diversity and equal opportunities
- and developing and implementing new Management Principles.

The Talent Management initiative seeks to attract, develop and retain highly motivated and top-performing employees. We achieve this goal through the four focus areas of “developing talented people”, “global mobility”, “employer of first choice” and optimisation of the underlying workflows, processes and systems.

For implementation purposes a “Talent Management Sounding Board” was created with the participation of four members of the Executive Board, representatives from human resources and an internationally assembled team of executives from various business units and executive staff functions. The sounding board meets every six weeks to shape the initiative and support integrated action.

Also newly implemented was a “Hannover Re Global Leaders Meeting”, in which representatives of the human resources departments at various locations discuss both Group-wide and local issues and requirements.

Attractiveness as an employer

103-1, 103-2

Qualified and motivated people are at the heart of a company’s business activities. Growing importance is attached to sustainability-related aspects. Most notably, the demographic shift in industrial countries is leading to intensified competition for well-qualified junior staff, specialist professionals and executives. It is evident that members of Generations X, Y and Z are especially likely to consider not only monetary aspects when it comes to choosing their employer. Other aspects move front and centre, including on the one hand adherence to principles of responsible corporate governance, a company’s reputation and measures to realise sustainable development in its core business. On the other hand, the corporate culture and work atmosphere, measures to support diversity and equal opportunities as well as the compatibility of work and family life, the availability of development and career opportunities and other additional benefits – summed up as the “total reward” – are consistently growing in importance.

In the context of the materiality process, attractiveness as an employer was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

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

Recruitment of new employees

As a growing company, we attach considerable importance to attracting junior recruits and skilled professionals. Despite the ongoing Covid-19 pandemic, 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. Most job profiles are centred on the disciplines of mathematics and economics. It is becoming increasingly difficult to fill IT profiles, in part because demand from these academic fields is declining. 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.

Coronavirus restrictions in the year under review meant that we unfortunately had to very largely suspend our outreach to our youngest potential recruits in the form of presentations given on orientation days at schools and activities held on the so-called “Future Day” in Lower Saxony, when children and young people between the ages of ten and 15 are able to get a taste of what we do. Once restrictions are eased, however, we intend to resume these efforts as quickly as possible.

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. For this group, too, we try to integrate a stay abroad into the training programme, thereby similarly reflecting our company’s international approach under this programme.

We use a range of measures to systematically 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. In the year under review we moved these activities online wherever possible. 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 reinsurance, mathematics 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 many other 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.

Feedback culture and succession planning

404-3

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.

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 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 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 (General Manager / Director) 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 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. In the same way and on the basis of the same criteria, the Board members with area responsibility also identify possible successors for the Managing Director positions.

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.

Human resources work in the time of Covid-19

On 11 March 2020 Covid-19 was officially declared a pandemic by the World Health Organization – presenting the world (of work) with hitherto unimagined challenges.

As a globally operating company, we were quick to turn our attention to the possible implications for other locations based on the experiences at our Asian offices and the members of staff working there.

Our employees in Asia began to work from home early in the pandemic, in part due to an official order. Faced with the increasing spread of the virus, we replicated this protective measure worldwide – with the result that since March 2020 all employees around the world have been working on a mobile basis. In addition, we put in place restrictions on physical contacts and travel – always guided by or going further than the relevant official requirements. The focus was and continues to be on ensuring that our workforce receives the best possible protection and support in these extraordinary times.

We created an interdisciplinary crisis management team so as to respond quickly and consistently to the rapidly changing situation. Comprised of our Chief Executive Officer, a further member of the Executive Board as well as several department managers, the crisis management team analyses the course of infections around the world and within the workforce and also monitors the development of latest scientific insights. In addition, scenarios, risks and options are discussed and decisions taken. All employees around the world are kept regularly and promptly informed through the intranet and by e-mail.

Implementation of measures at our international locations is initiated by the locally deployed crisis teams and HR managers, complemented by additional measures as appropriate. Special company policies and building management policies were adopted at a number of locations in order to put in place various safeguards. Restrictions were also imposed on visits in order to contain the spread of the virus. In Sweden a special coronavirus group was set up that meets several times a week to closely track local developments. In the United States the "Families First Coronavirus Response Act" (FFCRA) came into effect. A range of supports were launched from the German location and communicated Group-wide through the intranet.

Remuneration and fringe benefits

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

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 2020, 94% of our employees at the Hannover location were covered by this collective bargaining agreement.

The remaining 6% are second- and third-tier Group 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 and the higher-level company results, 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 based on a globally valid remuneration policy. 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 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.

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. 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 were conducted with the Employee Council with a view to making the occupational retirement provision even more at-

tractive. These negotiations were brought to a successful conclusion in the year under review. 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 36

in EUR thousand	2020	2019	2018	2017	2016
Social security contributions and expenditure for pension provision and assistance	56,795	49,275	57,112	56,753	59,700
Social security contributions	23,152	20,749	26,928	25,486	n.a.
Expenditures for pension provision	28,851	24,245	26,117	26,551	n.a.
Expenditures for assistance	4,792	4,281	4,067	4,716	n.a.

102-35: 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” from page 119 onwards of our Group Annual Report 2020. For information on personnel expenditures we would refer to item 8.4 of the notes to the Group Annual Report.

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. For many years now we have obtained a reliable picture of our employees’ satisfaction by surveying our staff. In 2019, this was done by way of a Group-wide employee survey known as the “Organisational Health Check” (OHC), which is intended to make a company’s “state of health” visible and measurable. The OHC was conducted again in the year under review. Altogether, 2,184 employees and executives of the Hannover Re Group took part in the evaluation of our company, thereby ensuring that informative results were obtained. This number translates into an overall participation rate of 83% compared to 64% in 2019. The strong level of participation clearly highlights the importance attached to the survey by every one of our staff and managers. The result shows that with an overall score of 81 – as against 74 in 2019 – Hannover Re has significantly improved and ranks among the top 10%

of companies by the benchmark standard in the year under review. It is also pleasing to note the appreciably better scores for the aspects “Innovation & Learning” and “Coordination & Control”, where we still saw potential for improvement as recently as 2019.

Overall, the satisfaction of our staff is also reflected in a low turnover ratio. The staff turnover ratio at the Hannover location of 2.8% (previous year: 2.7%) was substantially lower than the industry average of 5.4%. The average length of service to the company at the Hannover location stood at 11.9 years in 2020.

Staff turnover by region

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Region	2020				2019				2018				2017			
	Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²	
	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %
Germany	119	8.5	37	2.6	99	7.1	45	3.2	96	6.7	57	4.0	65	4.7	32	2.3
Europe excl. Germany	86	16.5	44	8.5	77	15.5	65	13.1	119	17.0	118	16.8	96	13.9	103	14.9
United States	42	13.8	20	6.6	38	13.4	30	10.6	38	13.0	36	12.3	21	7.2	26	9.0
South Africa	49	10.2	37	7.7	60	12.9	49	10.5	58	12.1	50	10.4	72	14.8	63	12.9
Asia	67	22.2	16	5.3	42	12.9	24	9.5	52	22.3	31	13.3	55	25.0	22	10.0
America excl. USA	10	13.5	10	13.5	9	12.7	5	7.0	9	12.7	8	11.3	8	11.4	7	10.0
Australia	20	15.5	6	4.7	12	10.3	10	8.6	13	11.5	11	9.7	16	15.2	9	8.6

Staff turnover by gender

S 38

Gender	2020				2019				2018				2017			
	Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²	
	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %
Men	219	14.0	89	5.7	169	11.8	95	6.6	175	11.2	154	9.9	171	11.1	137	8.9
Women	174	10.5	83	5.0	168	10.2	134	8.1	210	11.9	159	9.0	162	9.4	127	7.4

Staff turnover by age group

S 39

Age group	2020				2019				2018				2017			
	Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²		Rate of persons joining ¹		Rate of persons leaving ²	
	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %	Num-ber ³	in %
Up to age 29	167	37.6	43	9.7	127	37.6	43	12.7	151	44.7	73	21.6	112	33.1	46	13.6
Ages 30 to 49	191	10.6	80	4.4	174	10.5	121	7.3	206	12.5	166	10.0	189	11.4	150	9.1
Age 50 and over	35	5.0	49	5.1	36	5.6	65	10.0	28	4.3	74	11.4	32	4.9	68	10.5

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

2 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.).

3 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.

Learning and development

103-1, 103-2, 404-1, 404-2

Hannover Re operates in a knowledge-intensive industry with a high degree of specialisation. Continuously fostering the skills and motivation of our employees and hence the functional capability and competitiveness of Hannover Re is integral to our Talent Management initiative. At the same time,

the opportunities made available to our employees enable them to continue their personal growth and support the desire for lifelong learning.

In the context of the materiality process, learning and development was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Goals of the sustainability strategy 2021–2023

S 40

Goal	Target indicator
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

Owing to physical distancing requirements connected with the Covid-19 pandemic, we were quick to move the bulk of our further training programme online. Thanks to our good IT resources, all training measures were able to continue seamlessly after just a short transition period.

dialogue Situations” as well as the topically entitled “Dealing with Complexity” stimulated especially lively interest among the workforce.

At the Hannover location we assist 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.

In the year under review, our offerings entitled “Work 4.0 – Fit for Change”, “Virtual Leadership – The New Normal” and “Professionally Organising Virtual Client Meetings” took on considerable added importance. 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. This directive regulates the initiation and conduct of all insurance distribution, and in particular insurance mediation. It is applicable to all market players within the EU that transact insurance business, including reinsurers. The training requirement affects employees of reinsurance undertakings who are directly or substantially involved in insurance distribution.

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.

In 2020, 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, albeit converted to a virtual format: 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.

The training programme 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. We also continued to offer our range of in-house language courses. These covered English, Spanish, French, Italian, Portuguese, Russian and German as a foreign language. English instruction is also available in an e-learning format. In addition, our communication seminars such as “International Negotiations”, “Intercultural Skills” and “Mastering difficult Di-

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 Re-

sponsibility” and “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 regard 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 2.3 days of further training in the 2020 reporting year. The number of training days per employee at the Hannover location was 3.4, a decrease compared to the previous year’s figure of 4.8. This drop can be attributed primarily to the significantly fewer external training activities owing to restrictions associated with Covid-19.

Average number of training days worldwide and at the Hannover location

S 41

Region	2020	2019	2018	2017	2016
Worldwide	2.3	3.4	2.7	2.7	3.9
Germany	3.4	4.8	4.4	3.9	6.1

Employee health and wellness

103-1, 103-2, 403-1, 403-2, 403-3, 403-4

The performance capability and health of our staff are essential prerequisites 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 the context of the materiality process, employee health and wellness was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Goals of the sustainability strategy 2021–2023

S 42

Goal	Target indicator
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

Our goal is to preserve and restore the physical and mental well-being 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.

The issue of Covid-19, as a further consideration, was inextricably linked to the topic of employee health in the year under review. Hannover Re’s interdisciplinary crisis management team swung into action once the first cases were reported in Europe and has since initiated a range of measures in close consultation with the Executive Board. These are communicated on a Group-wide basis. In order to prevent infections and help slow the spread of the virus, the technical capabilities and necessary capacities were put in place within a very short space of time to enable the global workforce to work from home.

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 regularly 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. If 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 (EAP). 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 six accidents occurred in Germany while at work or commuting in 2020; the total number of employee days lost to absenteeism was 11,978. The rate of absenteeism in Hannover was lower in 2020 than in the previous year at 2.4% (previous year: 4.2%). 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.

Employee health and wellness around the world

Promoting health and wellness is an expression of the high regard in which we hold our employees. At our companies abroad we are similarly committed to measures that can be easily integrated into everyday working life. They are intended to help avoid health problems. During the Covid-19 pandemic we keep our staff informed about various health issues. Advice provided locally covered a wide range of topics including the ergonomic design of the home workspace as well as nutrition and fitness.

Our branches and subsidiaries organise exercise programmes and offerings to promote individual initiative. They include, for example, covering a portion of the costs associated with membership of fitness facilities. The programme is particularly intended to prevent musculoskeletal disorders and generate awareness of the benefits of movement. Due to the Covid-19 pandemic, these measures had to be largely suspended in 2020. Where possible, the opportunity to participate virtually in personal training is offered.

Many locations offer a medical check-up for executives and members of staff alike. The programme is rounded off with anti-stress courses and special activities at the workplace to support employees’ mental well-being. In Orlando, United States, a Wellness Committee develops various offerings for staff such as workplace massages and stress management workshops and tailors them to meet current requirements. In Sydney, Australia, mental health training sessions are held annually. The mental wellness programme in the United Kingdom was supplemented by a “Kindness Week” with a special emphasis on mindfulness.

Particularly during the Covid-19 pandemic, the local Employee Assistance Programmes support managers and staff with their professional, personal and health concerns. When the feedback from ICAS, an international provider of Employee Assistance Services, identified an increase in relationship problems in South Africa, our location in Johannesburg added workshops to its programme that concentrated on relationship problems and were led by a qualified psychologist.

Days lost to absenteeism, accidents and fatalities at the Hannover location S 43

	2020	2019	2018	2017	2016
Days lost to absenteeism	11,978	14,469	14,134	12,934	13,222
Rate of absenteeism	2.4%	4.2%	4.0%	3.8%	3.9%
Work- or commute-related accidents	6	11	16	4	9
Fatalities	0	0	0	0	0

Diversity and equal opportunities

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

The topic of “diversity and equal opportunities” recognises the heterogeneity of the workforce and the right of every individual to equal treatment within a company. 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, cultivating diversity and ensuring equal opportunities within the company fosters a positive working en-

vironment, boosts employee motivation and enhances our appeal as an employer. What is more, collaboration in diverse teams enables us to incorporate different experiences, ways of thinking 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 and equal opportunities a pivotal success factor for our company.

In the context of the materiality process, diversity and equal opportunities was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Goals of the sustainability strategy 2021–2023

S 44

Goal	Target indicator
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

Non-discriminatory environment

Supporting fair working conditions as well as a healthy, non-discriminatory and diverse working environment is an integral part of Hannover Re’s corporate culture. We practise a zero tolerance policy when it comes to discrimination or bullying. Unequal treatment, disadvantaging, exclusion, insults or smears of any type, e.g. based on age/generation, disability, health impairment or medical condition, relationship / marital status, gender / gender identity or expression, race, skin colour, ethnicity or nationality, social origin, religion or world view, sexual orientation or any other legally protected factor are not tolerated. Our yardstick in the German General Equal Treatment Act (AGG). Furthermore, we welcome all other facets of diversity and similarly prohibit any form of discrimination in this connection. This includes, but is not limited to, attributes such as demeanour, appearance, education, professional experience, dialect, income, leisure habits, hierarchical level, service to the company as well as the personality and personality traits of the individual.

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 that is binding on all employees throughout the Group. 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.

Women in leadership positions

Hannover Re and its Executive Board are committed to equal opportunities in relation to all diversity criteria and on all hierarchical levels. A focus of the measures is currently on fostering women in leadership positions. Group-wide, the gender ratio of the 3,218-strong workforce is virtually balanced at 48.5% male and 51.5% female. Yet women are under-represented on the company’s more senior hierarchical levels compared to men. Of the 89 senior executives working in Germany, 16 are women, or 18%. Worldwide, the proportion of women stood at 18.4% in the year under review. This means that we have achieved the target quota of 18% for women on the first and second levels of management set by the Executive Board for no later than 2022. The goal of increasing diversity around the world on all levels of management was carried over to the sustainability strategy 2021–2023.

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, 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 em-

ployees 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 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 career prospects and to take steps to actively shape them going forward. 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 2020 reporting year another implementation round of the programme was successfully completed 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 45

in %	2020	2019	2018	2017	2016
Target quota set	18.0	18.0	18.0	16.8	16.8
Quota achieved	18.0	17.4	15.6	15.4	16.3

Work-life balance

401-3

Compatibility of the professional and personal sphere as well as support for a harmonious work-life balance are closely associated with the issue of diversity and equal opportunities. Measures to promote the compatibility of work and personal life are an important part of our human resources management. We would like our employees to be able to strike a fair balance in both aspects of their life.

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. This issue therefore has a bearing on all personnel-related material topics.

Flexible working times and locations are an important element in the compatibility of work and family life. This includes, for example, more intensive use of combined office and mo-

bile working, teleworking and working time models tailored to the situation of individual employees – a tendency that was given extra impetus in the context of the Covid-19 pandemic. These changes are increasingly becoming an integral element of a state-of-the-art, agile working world and boost the company's attractiveness on the employment market as well as the satisfaction, loyalty and commitment of the workforce.

Our regular measures encompass multiple 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 arrangements without core hours and various opportunities for partial retirement. At the Hannover location 358 members of staff were employed part-time as at 31 December 2020 on the basis of more than 70 very different and individually agreed working time models. In addition, 614 employees have a teleworking contract. A variety of part-time working models are also offered at our locations abroad, and teleworking opportunities are available. 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.

Number of employees engaged in part-time working and teleworking at the Hannover location S 46

	2020	2019	2018	2017	2016
Part-time	358	348	322	397	346
Women	300	301	288	351	311
Men	58	47	34	46	35
Teleworking	614	572	528	463	411

Since March 2020 we have rolled out a number of more extensive measures in connection with the Covid-19 pandemic. In order to avoid infections and help slow the spread of the virus, the technical capabilities and necessary capacities were put in place within a very short space of time to enable more than 3,000 people around the world at our subsidiaries, branches and representative offices to work entirely from home. At the Hannover location, Hannover Re voluntarily topped up in full missing hours for employees with children under 12 or special needs children to the individual working time, even if work was not possible or only partially possible as a consequence of the crisis situation. As a further step, even greater flexibility was introduced for daily working hours so as to optimally support the members of staff.

Childcare support

In order to help with looking after our employees' small children we operate our own company daycare centre "ReKids" at the Hannover location. A team of seven experienced professionals provides all-day care for infants up to the age of three. The nursery accepts children all year round so as to offer parents the chance to return to work quickly. In the year under review the Executive Board decided to expand the capacity. Once the construction phase is complete, it will be possible to look after an additional 15 children on top of the 30 places currently available.

In order to improve and support even further the compatibility of professional and private life within the employee's own four walls, particularly given the special challenges associated with the Covid-19 pandemic, we entered into a partnership with a provider of virtual childcare and holiday offerings in 2020 at the Hannover location. Employees with children and grandchildren can choose from a wide range of around 1,500 unlimited free digital recreation and holiday offerings and thereby spend a happy and fun-filled time with their (grand)kids and experience a more worry-free daily work routine. Numerous virtual events are held every week that cover diverse topics, such as "creative upcycling", "journalism" or "coding", and are suitable for children aged 4 to 16. Opportunities for extracurricular learning and extra tutoring are also available. The programme is complemented by selected coaching activities for parents. These encompass various webinars on topics such as supporting an infant in his or her emotional development as well as guides to more productive time management.

Two newly furnished rooms are available at the Hannover location to employees who are breastfeeding.

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, 188 employees of our company were on parental leave in the year under review, thereof 68 men and 120 women. 58 employees returned to work from their parental leave in 2020, thereof 21 men and 37 women. 52 employees who returned from their parental leave in 2019 were still with our company twelve months later (16 men, 36 women).

Number of employees on parental leave (Group-wide) S 47

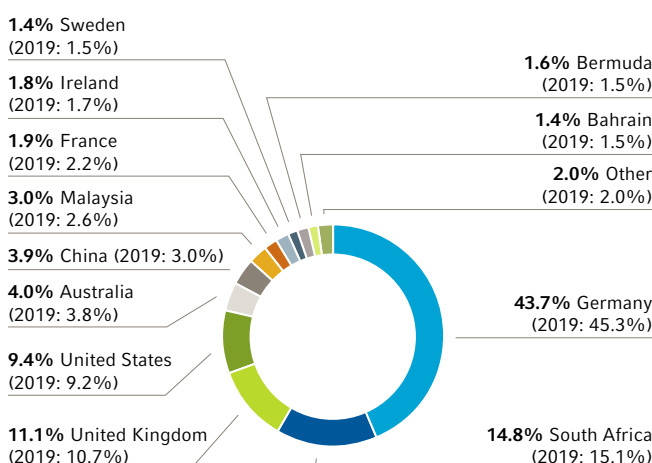
	2020	2019	2018	2017	2016
On parental leave	188	190	202	216	152
Women	120	124	134	142	105
Men	68	66	68	74	47
Returnees	58	65	72	95	44
Women	37	39	46	60	24
Men	21	26	26	35	20
Turnover	52	55	69	83	43
Women	36	35	44	51	23
Men	16	20	25	32	20

Further diversity-related indicators

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 47 nations working at our Hannover location as at 31 December 2020.

Breakdown of employees by country in 2020 S 48



The age structure of our Group's workforce in 2020 again reveals a balanced picture: 13.8% of our employees are under 30, 56.2% are aged between 30 and 49 and 30.0% are 50 or over. A comparison of the age structure over the years, however, shows a trend in line with the shift in demographics.

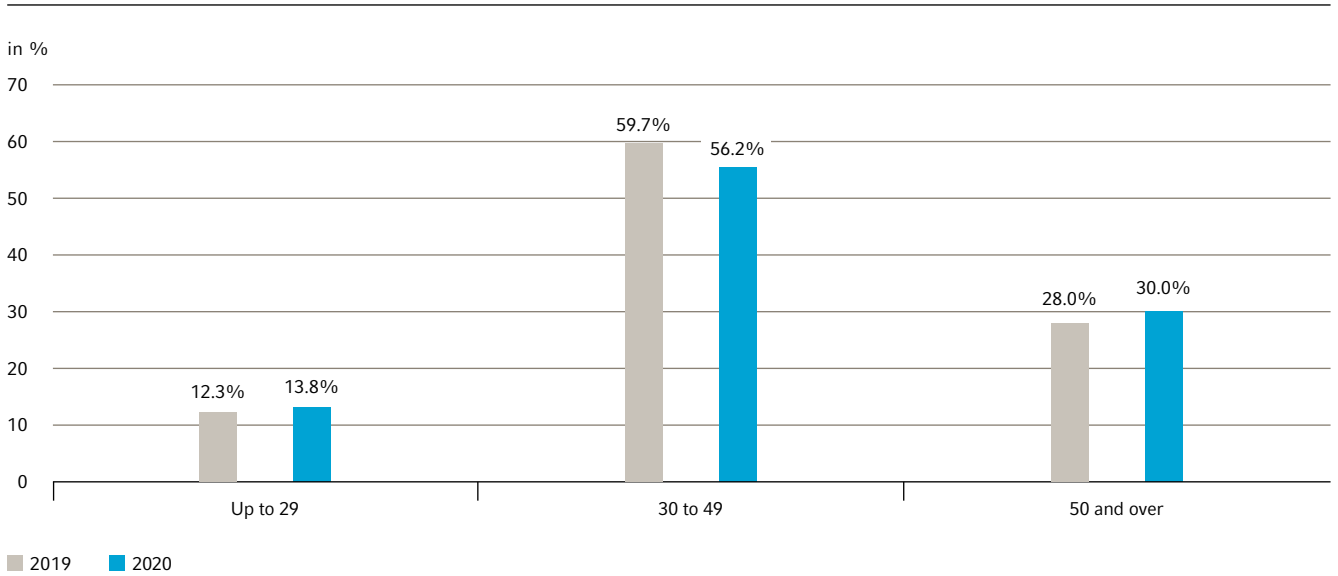
The proportion of employees aged “50 and over” rose steadily by 10 percentage points in the period from 2011 to 2020.

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 49

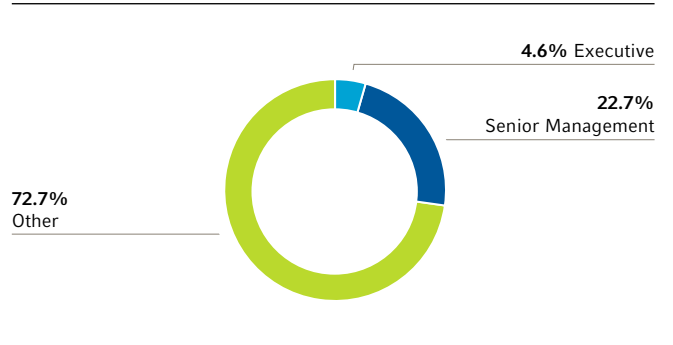


In our personnel statistics a distinction is made between three hierarchical levels: Group Executive, Senior Management and other employees. Of the altogether 3,218 employees Group-wide, 148 (4.6%) belong to the category of Group Executive, 730 (22.7%) to the category of Senior Management and 2,340 (72.7%) 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 2020

S 50



Breakdown of employees by gender and employee category
S 51

		2020			2019			2018			2017		2016		
		Num- ber ¹	+/- pre- vious year	in % ²	Num- ber ¹	+/- pre- vious year	in % ²	Num- ber ¹	+/- pre- vious year	in % ²	Num- ber ¹	in % ²	Num- ber ¹	in % ²	
	Gender														
Number of employees	Men	1,560	125	8.7	1,435	-123	-7.9	1,558	23	47.0	1,535	47.2	1,490	48.9	
	Women	1,658	10	0.6	1,648	-111	-6.3	1,759	43	53.0	1,716	52.8	1,403	51.1	
Group Executive	Men	121	1	1.2	120	-8	-6.3	128	-3	84.2	131	84.5	134	5.3	
	Women	27	0	0	27	3	12.5	24	-	15.8	24	15.5	24	0.9	
Senior Management	Men	449	24	5.6	425	-27	-6.0	452	19	63.1	433	63.5	383	13.8	
	Women	281	25	9.8	256	-8	-3.0	264	15	36.9	249	36.5	201	6.9	
Other employees	Men	990	100	11.2	890	-88	-9.0	978	7	39.9	971	40.2	858	29.8	
	Women	1,350	-15	-1.1	1,365	-106	-7.2	1,471	28	60.1	1,443	59.8	1,293	43.3	

Breakdown of employees by age group and employee category
S 52

		2020			2019		2018		2017		2016	
		Num- ber ¹	+/- pre- vious year	in % ²	Num- ber ¹	in % ²	Num- ber ¹	in % ²	Num- ber ¹	in % ²	Num- ber ¹	in % ²
	Age group											
Number of employees	Up to age 29	444	64	16.8	380	-14.4	444	13.4	415	12.8	370	12.8
	Ages 30 to 49	1,807	31	1.8	1,776	-9.4	1,960	59.1	1,981	60.9	1,811	62.6
	Aged 50 or over	967	40	4.3	927	1.5	913	27.5	855	26.3	712	24.6
Group Executive	Up to age 29	-	-	-	-	-	-	-	-	-	-	-
	Ages 30 to 49	61	-	-	61	-3.2	63	41.1	69	2.1	75	2.6
	Aged 50 or over	87	1	1.2	86	-3.4	89	58.9	86	2.6	83	2.9
Senior Management	Up to age 29	-	-	-	-	-	3	0.4	5	0.2	-	-
	Ages 30 to 49	415	23	5.9	392	-9.7	434	60.6	423	13.0	398	13.8
	Aged 50 or over	315	26	9.0	289	3.6	279	39.0	254	7.8	186	6.4
Other employees	Up to age 29	444	64	16.8	380	-13.8	441	18.0	410	12.6	370	12.8
	Ages 30 to 49	1,331	8	0.6	1,323	-9.8	1,467	59.8	1,489	45.8	1,338	46.2
	Aged 50 or over	565	13	2.4	552	1.3	545	22.2	515	15.8	515	15.3

¹ 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.

² The percentage shows the proportion of women and men within the respective hierarchical level.





Core business

As one of the world's leading reinsurers, Hannover Re bears responsibility in its core business both for the reinsurance portfolio and for the management of its investments. In the context of our core business, we therefore bring together under sustainable protection our activities that support the transformation towards a sustainable world. They include all solutions aimed at population groups that hitherto had too little insurance protection or were only able to obtain such coverage with difficulty, insurance offerings designed to mitigate the impacts of natural catastrophes or climate change and our engagement in sustainable technologies.

Supports the following Sustainable Development Goals:



Core business

103-1

Insurance is per se a business model designed for sustainability. Protecting people and their property is a core task of the insurance industry. As risk carriers, insurers therefore make a concrete and direct contribution to global sustainable development on many different levels. The range of measures extends from protecting the individual against the consequences of sickness and accidents as well as the impacts of natural disasters on crops and property to supporting the global energy transition.

It is precisely in the transformation of the economy and society towards a climate-friendly, resource-saving and globally fair way of doing business that the insurance industry has a pivotal role to play. In the year under review, even more ambitious climate targets were eyed on the political level. The European Union, for example, is now seeking to cut greenhouse gas emissions by at least 55% by the year 2030 compared to 1990 levels rather than the previously targeted 40% reduction. The new US President, Joe Biden, has similarly announced that efforts to protect the climate will be stepped up.

As an insurance undertaking, we too have a whole range of possibilities to actively support these developments. In our role as risk carrier, we enable the necessary technical advances and thereby facilitate the ongoing refinement of processes and products at companies, for example in connection with the reinsurance of renewable energy sources. As an investor, we provide capital for innovative businesses and technologies that actively contribute to the achievement of climate and sustainability targets. As a solution provider, we develop innovative insurance products that deliver protection – especially for people in emerging and developing countries – against the now avoidable economic and social consequences of climate change. And as a centre of competence for the management of risks, we are able to play an active part in the social and political discussions around how to fight the causes and impacts of climate change. In the context of these core activities, we also make a very real contribution to the United Nations Sustainable Development Goals (SDGs) shown above.

Sustainable Protection

103-1, 103-2, FS 14

Under the term “sustainable protection”, we bring together all measures by means of which we support the global transformation of the economy and society towards a climate-friendly, resource-saving and social future. Key points of reference here are the ten principles of the UN Global Compact as well as the 17 Sustainable Development Goals of the United Nations.

As a reinsurer, i.e. a provider of business-to-business services, with few exceptions we have no direct contact with 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.

A focus of our efforts is on providing insurance solutions for population groups that previously had too little insurance protection or could only obtain it with difficulty, on delivering insurance offerings that mitigate the impacts of natural disasters or climate change and on commitments to sustainable technologies. This also includes an intensive dialogue and knowledge transfer with primary insurance companies, partners and insurtechs or participation in initiatives or research projects that support fulfilment of these goals. In the context of our working group on “Emerging Risks & Scientific Affairs”, (see the section “ESG in insurance business”) we monitor not only megatrends and emerging risks, but also the resulting opportunities. Thus, for example, the megatrend towards a decline in biodiversity can be viewed in conjunction with emerging risks associated with scarcity of resources, air pollution, genetically modified organisms or food security and availability – but also goes hand-in-hand with a need for innovative (insurance) solutions and services.

In the context of the materiality process, sustainable protection was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

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

Our engagement in property and casualty reinsurance

Closing the protection gap

In property and casualty reinsurance, we facilitate first and foremost the expansion of insurance protection for extreme weather events and natural disasters in emerging and developing countries – regions that are disproportionately impacted by such events and in which impoverished and vulnerable people often find themselves facing a protection gap. While some 50% of catastrophic losses are insured in high-income countries, the corresponding figure in poorer countries is often less than 5%. With this aim in mind, we are seeking to expand our NatCat aggregates in emerging and developing countries and we are stepping up our cooperation with our partners.

Natural Disaster Fund

At the UN Climate Change Conference held in Madrid in December 2019, Hannover Re announced the creation of the Natural Disaster Fund (NDF) Deutschland in partnership with the Federal Ministry of Economic Cooperation and Development, the UK Foreign, Commonwealth & Development Office (FCDO) – formerly DfID –, 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. Backed by our expertise in the development of risk transfer solutions that are tailored to the relevant risks and local needs, Hannover Re contributes its know-how for relevant projects all around the world. So far, it has been possible to reach more than 10 million people from 21 different countries in Africa, Asia and Latin America – not least thanks to the capacity made available by Hannover Re in an amount of USD 50 million.

In addition, by delivering insurance solutions in areas such as agricultural risks and microinsurance 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 or crop failures as well as sickness. Furthermore, we are 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.

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 the protection provided against variations in yield, a number of positive socioeconomic 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 2025. In Europe, too, unusually dry summers have 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.

products against extreme weather events to close the protection gap in selected pilot regions.

We also work with the Institut der Finanzdienstleistungen (IDF). The IDF is a unique public-private platform for coordination and cooperation that brings together the insurance industry, the World Bank, the United Nations, civil society and various other actors in order to help eliminate the protection gap. The IDF's mission is aligned with the InsuResilience Vision 2025. The strategy adopted by the IDF is to use insurance and risk management capacities so as to strengthen resilience with a view to contributing to fulfilment of the UN Sustainable Development Goals and associated UN agreements such as the Sendai Framework, the Paris Agreement and others. The IDF has five working groups in which more than 200 experts from over 30 organisations take part. The Risk Modelling Steering Group (RMSG) features high-level representation from the World Bank, the United Nations Development Programme (UNDP), the Federal Ministry for Economic Cooperation and Development (BMZ) and the insurance industry and its associations. In April 2021, our Chief Executive Officer Jean-Jacques Henchoz became a member of the RMSG. This step underscores the strategic importance attached to closing the protection gap, especially in emerging and developing countries. Hannover Re is already playing a lead role in numerous national projects tasked with developing solutions to close the protection gap in relation to natural disasters, including in South America, Africa, Central Asia and the Middle East.

In addition, we are a member of the Munich Climate Insurance Initiative (MCII). This seeks to operationalise various market initiatives intended to boost the resilience of countries particularly impacted by climate change under the umbrella of the United Nations Office for Disaster Risk Reduction (UNDRR). The MCII was launched as a charitable organisation by representatives of insurers, research institutes and NGOs in April 2005. We are currently a member of the Technical Advisory Committee on the Pacific Insurance and Climate Adaptation Programme (PICAP), which aims to develop an insurance product for the population of the Pacific Small Islands Group that will mitigate the effects of losses caused by climate change.

As part of our cooperation with the Moroccan Ministry of Economy and Finance and the Solidarity Fund against Catastrophic Events (FSEC), we are currently developing a traditional and a parametric insurance solution that provides financial protection for the local population against earthquakes, floods, tsunamis and terrorism risks. This initiative is supported by a loan from the World Bank.

We are a partner on the project “Promoting Resilient Communities”. In this connection, we contribute our know-how in a feasibility study on climate-resilient cities in Colombia as part of a Global Communities partnership that also includes DLA Piper and Willis Towers Watson. The project is funded by the “InsuResilience Solutions Fund” with the aim of developing needs-oriented and financially sustainable climate protection

Sustainable and green technologies

While parametric covers first had their origins in agriculture, technological advances and a growing network of insurtechs and their partners make it possible to offer new covers outside the agricultural sector. Our specialised team for index-based and parametric covers, for example, is responding to a growing number of inquiries involving hurricane and earthquake risks. Structured as “emergency cash” or loan default protection, private individuals as well as SMEs can be protected against hazardous financial situations. In the renewable energy sector, too, such as wind and solar energy, we are seeing a steady rise in interest. While risks to earnings were still difficult to cover just a few years ago, it is now possible to provide far more tailored coverage for customer needs thanks to improved data and technologies.

In support of a global energy transition we are committed to the expansion of renewable energies, 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. In addition to building and preserving specialised underwriting know-how around the world, we support special covers for the adoption of innovative technologies. Our goal under our new sustainability strategy 2021–2023 is to increase our facultative premium volume in the area of renewables by 60%. In 2020, this amounted to EUR 32.9 million.

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in EUR million	2020	2019	2018	2017	2016
Net premium earned	32.9	24.5	14.3	17.8	19.1

With an eye to green tech solutions, the working group for “Emerging Risks & Scientific Affairs” discusses additional issues that may go hand-in-hand with the need for new (re) insurance solutions. These include, among others, modified methods of waste disposal or recycling, cradle-to-cradle solutions, changing mobility habits, new propulsion concepts such as those in the automobile sector, new services in passenger transportation, rechargeable batteries and storage media for renewable energies. The issues of information security and cyber security are also addressed by our working group on emerging risks, which supports monitoring across the various departments. Detailed information on the topic of cyber insurance is provided on page 109 of the Group Annual Report 2020. Other issues relevant to our business going forward that have been analysed so far include, among many others, environmental pollution, nanotechnology and the supply of raw materials. The position paper on microplastics was updated in the year under review, among other steps taken.

Initiatives for risk assessment

When it comes to assessing natural catastrophe risks, Hannover Re works together with governments, universities and research institutions and is active in several market initiatives and oversight bodies. Through our participation in a number of initiatives, we cultivate a dialogue with various 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).

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.

In the field of functional disability insurance, E+S Rück supports its clients with the underwriting software “es | meRiT”, 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.

We are a long-time supporter of the German 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.

Furthermore, 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.

In addition, we are a partner 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.

The Geneva Association is an international think tank of the insurance industry that aims to identify political, economic and societal issues and risks as they relate to the insurance sector. Through Hannover Re's active involvement in the 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. In the year under review, we supported the further refinement of catastrophe models to assess the effects of climate change. Within this working group, we are a member of the "Task Force on Climate Change Risk Assessment for the Insurance Industry". In February 2021, the task force published its first report on the assessment of climate risks. In this context, the task force considered the following four dimensions:

- Business segment (P&C reinsurance versus life reinsurance)
- Balance sheet (asset side versus liability side)
- Time horizon (short-, medium- and long-term)
- Type of risk (physical and transition risks)

We seek to mitigate financially the consequences of residual risks remaining after implementation of the measures through innovative reinsurance solutions.

Insurance for Covid-19 vaccines

The supply of vaccines is more important than ever in today's world. In cooperation with the insurtech Parsyl and Lloyd's Syndicate 1796 as well as other (re) insurers, we therefore offer reinsurance protection to cover the transportation and storage of vaccines – including Covid-19 vaccines – and medical equipment worldwide, especially to emerging and developing countries. The traditional all-risk marine insurance is complemented by the use of innovative sensors to monitor supply chains and temperature fluctuations. In this way, we play our part not only in getting the vaccines safely to their destination, but also in maximising the number of doses available to the public.

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 addition, we are a member of the Chief Risk Officer (CRO) Forum and a permanent participant in the CRO Forum's Emerging Risk Initiative. In the year under review, a position paper was published on the theme "Imagine all the People – Demographic and social change from an insurance perspective". The Emerging Risk Initiative also continuously tracks and analyses various emerging risks, publishes information on megatrends and associated risks and conducts corresponding impact analyses. The megatrends considered include ageing and health, consumer habits and digitalisation, economic stability, environment and climate change, shifting geopolitical landscapes, technological advances, urbanisation and social changes. The publications are publicly accessible on the CRO Forum website. An exploration of the subject "Carbon footprinting methodology for underwriting portfolios" is also available there.

In cooperation with universities, research institutes and government organisations, we have also 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 engagement in life and health reinsurance

In life and health reinsurance, we support our primary insurance partners with our worldwide expertise and power of innovation by developing, launching and delivering sustainable reinsurance solutions. Our product range extends from traditional life insurance through solutions for critical illness and disability to coverage for long-term care. Lifestyle products – i.e. insurance products for which the premium and any bonus payments are linked to the insured’s healthy lifestyle (e.g. fitness and nutritional habits) – are also attracting considerable interest at the present time. In this way, insureds are incentivised to pursue a healthier and more health-conscious way of life. One example is Vitality Active – a steadily growing cooperation with the Discovery Group in South Africa. Not only does the policyholder benefit from a reduction in their own insurance premium by following a healthy lifestyle, the local economy also profits through the bonus programme thanks to the vouchers awarded for local partners (e.g. coffee and cinema vouchers). By the end of 2020, seven primary insurers around the world had implemented the programme. Three more are in the pipeline for 2021.

Longevity

In longevity business, we develop innovative annuity products tailored to the individual needs of policyholders in various life situations. Awareness of a 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.

In many countries, the pension system is made up of three pillars: government pension, occupational pension and personal annuity. Increasing life expectancy goes hand-in-hand with a number of challenges. People are increasingly needing a secure income for a longer period of time in retirement. At the same time, governments, state systems, pension funds, businesses that offer company pensions and life insurers are faced with growing pension-related liabilities. 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 such longevity risks.

The “Parents Pocket Money Protection” is just one example. This is a bespoke solution for people in countries where there is no state retirement provision and in which parents are financially dependent on their children in the final phase of life. This product secures a lifelong income for parents even after the death of their child by making up for the payments that they do not receive. Benefits are paid as regular retirement income for as long as at least one parent is alive so as to cover the longevity risk of the surviving parents.

“Enhanced annuities” are another product solution. 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 respond to this challenge by providing for an annuity payment procedure that is tailored to the aforementioned needs: the annuitant receives a higher regular annuity over a shorter period of time.

In general terms, we play a part in fighting poverty among the elderly with our longevity insurance products. Last year, we increasingly expanded the availability of our solutions in this area to include markets where robust longevity protection has hitherto been lacking and we once again demonstrated our ability to transfer our longevity expertise to global markets by writing longevity treaties in a number of countries.

In our role as a member of the Geneva Association, we engage with issues of demographic change in the working group on “Global Ageing”. In our own in-house working group on “Emerging Risks & Scientific Affairs”, we also analyse issues in life and health reinsurance that will have a bearing on our business going forward – such as urbanisation and a wide range of health risks as a side-effect of climate change, the abuse of medications and obesity. In the year under review, the papers on pandemics and medical advances, among others, were updated. Position papers were made available internally on the topic of demographic changes, covering aspects such as population growth, the ageing population, urbanisation and migration, as well as on the subject of psychoactive substances.

Mental health

The issue of mental health is taking on added significance in the context of the Covid-19 pandemic. While most of society is able to cope well, the pandemic poses considerable challenges for some people. Especially when it is accompanied by unemployment, poverty or inequality that were or can also be caused or exacerbated by the pandemic, consumption of alcohol and drugs increases and thoughts of suicide become more prevalent.

Owing to a lack of access to healthcare, limited resources of public and psychiatric healthcare services and stigmatisation throughout society, people with psychological disorders run the risk of failing to receive adequate treatment. The social stigma frequently deters sufferers from seeking help. Overcoming their own and society-wide stigmatisation through appropriate education is a first step towards improving the quality of life of those experiencing mental health problems. It is with the awareness that we too explore the issue.

In our ReCent medical newsletters we frequently share information about various aspects of mental health. The topics that we have addressed include the impacts of the Covid-19 pandemic, stigmatisation and the hitherto neglected disorder known as body dysmorphism (a mental health disorder where the sufferer becomes obsessed with their own perceived bodily flaws). On our innovation platform hr | equarium our customers and business partners can find numerous approaches and solutions focused on psychological disorders such as burnout and depression.

It is our expectation that as the stigma decreases more information will be provided about mental disorders in the underwriting process and claims will rise. It is therefore important that underwriters, claims assessors and product developers stay on top of developments in the field of mental health – not least to ensure that sufferers are dealt with fairly by the industry.

Closing the protection gap

Very much as in property and casualty reinsurance, insurance penetration in emerging markets on the life reinsurance side – irrespective of the particular line of business – is frequently still inadequate. This can often be attributed to products that are overly expensive and complex as well as the difficulties in reaching people due to poor infrastructure. We respond to this situation by joining forces with partner companies (e.g. insurtechs/healthtechs) so as to deliver appropriately tailored insurance solutions for groups such as these that are (as yet) inadequately insured.

Digitalisation

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 in particular the younger generation that is especially tech-savvy and attaches considerable importance to a healthy lifestyle. It has become virtually impossible to reach such groups via traditional life insurance industry sales channels and we are therefore actively involved in the advances being made in digitalisation and automation.

Doing good with insurance

In South Africa, we cooperate with a charitable insurance provider. By adopting a philanthropic approach, the company is targeting the millennial generation, among others. These digital natives are life insurers' present and future customers and nevertheless have a strong sensitivity when it comes to sustainability and social concerns. Various offerings serve to combine these two aspects. For example, policyholders receive coverage for life, disability and/or critical illness while the first monthly premium each year is automatically donated to a charitable organisation of their choice.

Services

The use of new underwriting data sources has expanded appreciably as a consequence of the Covid-19 pandemic. In this connection, it has proven helpful to draw on electronic health records (EHRs). An electronic health record is a digital version of a patient's medical record that can be transmitted securely and in real time. Many insurers use such digital data sources for their underwriting in life insurance business. Customer preferences are also trending towards a seamless online process without the need for face-to-face contact with agents or life insurance examiners. At Hannover Re, we can help our clients to rationalise the risk selection process through increasingly widespread use of such electronic health records.

With our modular, automated systems "hr | ReFlex" and "hr | QUIRC" 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 has already been successfully implemented. This is a Web-based user application developed by underwriters for underwriters. It is intended to accelerate and simplify more complex life insurance applications that cannot be

made automatically using hr | ReFlex as well as the acceptance of cases that reach an underwriting team by traditional means, e.g. in paper form. 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. Our electronic underwriting manual “hr | Ascent” – which gives our customers comprehensive support for individual application assessment – is continuously revised and enhanced so as to ensure that we can map the latest market developments at all times.

In our expert networks, we discuss a range of topics including automated underwriting systems, biometric research, financial solutions, health reinsurance, longevity solutions, R&D technology and risk assessment. They are made up of experts from our global network of subsidiaries and branches as well as the Hannover location.

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, among other things, provides insights into the latest medical research findings, case studies and underwriting methods.

Our cooperation with BIMA

The insurance density in emerging countries is typically less than 3% of gross domestic product. In particular, this is often due to the fact that insurance products are too complex and unaffordable for emerging markets and can also be explained by the lack of (financial and insurance) knowledge of end consumers in general. Challenging times such as the current Covid-19 pandemic hit people without ready access to healthcare especially hard.

In contrast to insurance density, however, the penetration of mobile phones in emerging markets has surpassed the 80% mark. BIMA, one of the leading providers of mobile-delivered health and insurance services in emerging markets, makes the most of this for the common good. BIMA uses mobile technology to deliver affordable and simply structured life and health insurance products with simple registration via SMS or a phone call. By offering payments via customers, pre-paid airtime or mobile wallet balance BIMA is able to reach millions of customers who were previously underinsured or not insured at all. BIMA not only offers access to mobile insurance and telemedicine services, it also educates customers, many who are accessing these services for the first time, through its agent led approach. In emerging markets, combining the power of digital technology and a human centred approach can help break trust barriers for people for whom insurance in general and the purchase of an insurance policy is uncharted territory.

BIMA is supported by partners from the mobile industry as well as Hannover Re with its (re)insurance expertise. The expansion of insurance protection to include previously inadequately insured population groups in the area of life and health (re)insurance forms part of our sustainability strategy and our partnership with BIMA supports this commitment. Together, we want to enable underserved families to access less complex and more affordable insurance and healthcare services so as to protect them against life’s greatest financial and health-related risks.

ESG in insurance business

103-1, 103-2, own disclosure

Consideration of ESG criteria in insurance business has implications for sustainable development. A reduction in insurance availability, for example, results in the scaling back of controversial technologies such as coal-fired power generation. At the same time, the inclusion of ESG risks in underwriting practice is a key component in identifying and managing sustainability-based risks, which can affect the claims frequency and amount.

Goals of the sustainability strategy 2021–2023

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Goal	Target indicator
ESG in reinsurance 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

Back in 2019 Hannover Re had already set itself the goal of no longer covering any risks connected with the mining of and power generation from thermal coal in its entire property and casualty reinsurance portfolio by the year 2038. In the year under review, the Property & Casualty Executive Committee approved and implemented a phased plan for a step-by-step withdrawal from thermal coal.

Reinsurance covers for individual risks are written in facultative reinsurance, i.e. the treaties can be allocated to specific projects or policyholders. In this segment, reinsurance has no longer been provided for planned new coal-fired plants or thermal coal mines since April 2019. Moreover, from February 2020 onwards the facultative department is excluding any new business connected with thermal coal or the associated infrastructure. Thermal coal infrastructure encompasses mines, coal-fired power plants and facilities as well as port and rail operations allocable exclusively to the coal industry. In the case of mixed groups, companies are excluded that generate more than 30% of their revenues from activities in thermal coal. In addition, since 2020, the facultative department has no longer accepted any new individual risks for companies that hold 20% or more of their oil reserves in oil sands and it excludes oil sands extraction and processing operations. Oil sands extraction and processing encompasses the extraction of bituminous sand (both in surface mining and in the form of in-situ extraction) from bitumen, refinement into synthetic crude oil, further processing of this synthetic crude into petroleum products and the associated transportation by pipeline or rail.

Generally speaking, a distinction can be made between two perspectives: positive/negative impacts that business operations have on ESG topics (inside-out perspective) and positive/negative impacts of ESG topics on operations and the company (outside-in perspective).

In the context of the materiality process, ESG in insurance business was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Complementary to this, the facultative department developed an ESG manual in the year under review that touches on other environmental concerns. Transactions are to be declined if they may be accompanied by damage to protected areas classified as IUCN category 1a / b, wetlands protected under the Ramsar Convention or world cultural heritage sites. Furthermore, no individual risks for deepwater drilling in the Arctic Ocean are accepted. The facultative underwriters at all locations received training in ESG topics and the ESG manual via videoconferences in the year under review. The ESG manual came into effect in 2021.

In obligatory reinsurance, large-volume portfolios with sometimes heterogenous contents are accepted that make it fundamentally impossible to examine individual risks. As part of the phased withdrawal plan for thermal coal, work has been ongoing since mid-2020 to identify primary insurance clients that may have exposures. Talks have been underway with these clients since autumn 2020. An information paper has been compiled as a support tool, providing customers with background information and setting out Hannover Re’s position.

ESG issues may also be associated with negative repercussions on a company’s net assets, financial position or results of operations or its reputation (ESG risks). We consider ESG issues inter alia as part of our risk management system when it comes to assessing underwriting risks both in property & casualty and in life & health reinsurance. Among the environmental risks that can impact our company mention may be made, for example, of natural perils losses that we have reinsured. In the public and environmental liability lines, pollu-

tion and violations of environmental regulations or indeed practices contrary to human rights and acts of social discrimination can have implications for reinsured risks. A shift in mobility behaviour leads to changes in our motor reinsurance business. Demographic change, as a social issue, in turn has a major effect on our life and annuity insurance portfolios. Yet not only do such underwriting risks influence the company from outside, our business processes are, as it were, impacted by ESG-related operational risks as the environment and society change.

In the context of our risk management systems, we also consider emerging risks. These are risks that are in the process of forming or may shortly become relevant due to current developments. Emerging risks evolve gradually from weak signals to unmistakable tendencies. They can directly impact our treaty portfolio in both property & casualty and life & health reinsurance and influence our investments. A further hallmark is that their risk content cannot as yet be reliably assessed, especially with respect to our treaty portfolio. Climate change, for example, not only has implications for natural perils but also affects human health (e.g. pandemic risk), the world economy, the agricultural sector (food availability and food security) and much more besides. Further examples of emerging risks include cyber risks, pandemics, scarcity of resources and supply chain risks. Early detection and subse-

quent evaluation of risks are crucially important when it comes to emerging risks. For this reason, we deploy a separate interdepartmental and multi-line expert working group and we ensure its linkage to risk management. Operational implementation is handled by a working group of specialists assembled specially for this task. The analyses performed by this working group are used Group-wide in order to pinpoint any necessary measures (e.g. contractual exclusions or the development of new reinsurance products). Altogether, we are constantly monitoring 40 emerging risks. The working group also draws up internal position papers and risk briefings, which make recommendations for risk handling in reinsurance practice. Issues relevant to our business going forward that have been analysed so far include, among many others, urbanisation and a diverse range of health risks as a side-effect of climate change, abuse of medications, environmental pollution, nanotechnology, the supply of raw materials and obesity.

We report on risks connected with climate change as part of our TCFD reporting in the section “Transparency”. In addition. We give an extensive account in our opportunity and risk report as part of our Group Annual Report 2020.

Hannover Re has been a signatory to the Principles for Sustainable Insurance (UNEP FI PSI) since 2021.

ESG in asset management

103-1, 103-2, FS 11

Incorporating ESG criteria into asset management gives us vital leverage in the fulfilment of sustainable objectives. In conformity with the European Commission’s action plan on financing sustainable growth, capital can be reoriented towards issuers, projects or technologies that contribute to sustainable growth while at the same time excluding issuers that violate predefined ESG criteria. On the other hand, the ESG

criteria expand the analysis of risks associated with individual sectors or issuers, e.g. inadequate engagement with the impacts of climate change, and hence help to improve the quality of decision making in strategic and tactical asset allocation.

In the context of the materiality process, ESG in asset management was identified as a material topic that was enshrined in our sustainability strategy 2021–2023 and supported with goals and measures.

Goals of the sustainability strategy 2021–2023

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Goal	Target indicator
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 (goal already achieved)

Aside from the 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 financial industry. Investors, analysts and clients are also increasingly interested to see how we respect social sustainability concerns in the management of our investments.

ernment bonds, corporate bonds and covered bonds (with the exception of collateralised debt obligations CDOs) and listed equities have been subject to such a screening process since 2012. As at the reference date of 31 December 2020, these investment classes accounted for roughly 87% of our asset portfolio.

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).

The ten principles of the United Nations Global Compact are a decisive factor in guiding our review of the portfolio. 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. In the fossil fuels sector, concrete exclusion criteria are applied to issuers who generate 25% or more of their turnover from coal mining, coal-based energy generation or oil sands extraction. When it comes to the criterion of “controversial weapons”, we rule out issuers who are involved in the development and proliferation of controversial weapons. We include here anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium and white phosphorous. Issuers subject to sanctions imposed by the United Nations or the European Union are also excluded.

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 policy.

The use of negative criteria is a vital part of our sustainability approach. Within our portfolio of assets under own management, all fixed-income securities (government and semi-gov-

All new investments are checked accordingly in advance and the existing portfolio is also subject to half-yearly screening. Issuers that violate or do not meet our ESG criteria are ruled out or actively scaled back. The investment team reports major findings of the screening process and the corresponding investment decisions directly to the Chief Financial Officer, and they are approved by the Investment Committee. Two members of the Executive Board sit on the Investment Committee.

Somewhat more than just 10% of our total asset portfolio cannot be classified according to the aforementioned methodology. This includes, most notably, investments in real estate and private equity funds, which at the present time – given their nature or structure – can scarcely be evaluated 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.

Along with our negative screening, we are increasingly adding sustainable investments to our portfolio that support the transformation to a resource-saving economy. They include, among others, sustainable infrastructure assets as well as specially focused impact investment funds. Our goal is to increase the volume by at least 10% by the end of 2023 relative to the end of 2020.

Back in 2019, a budget was already set aside 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 and climate action. We had subscribed to nine impact funds as at the reference date of 31 December 2020. In addition, we invest in the infrastructure sector both indirectly through funds and directly in areas such as renewables and clean transport as well as in sustainable forest and agriculture funds.

Not only that, the implementation of the best-in-class investment approach that was completed in 2019 makes it possible to measure the sustainability quality of the existing portfolio. Using CO₂ portfolio analyses and research findings obtained from external providers, the carbon intensity of the investments is evaluated and actively reduced.

Hannover Re has been a signatory to the Principles for Responsible Investment (UN PRI) since 2020.

Our climate strategy on the investment side

In our sustainability strategy 2021–2023 we set ourselves the goal of lowering the CO₂ load of our investment portfolio by at least 10% by the year 2023. We have since added another ambitious goal to this target.

In the 2020 year under review, we worked with other Group entities to develop a medium- to long-term climate strategy on the investment side. It was approved by the Executive Board of Hannover Re in the spring of 2021.

The climate strategy is in keeping with the goals of the Paris Agreement and aims, on the one hand, to reduce the carbon load in the investment portfolio while at the same time supporting measures to cut CO₂ emissions. Our strategy is founded on three pillars:

- At its heart is the decarbonisation of our liquid investment portfolio. Our goal is to reduce the CO₂ intensity (Scope 1 and 2) of our assets under own management in the areas of equities and fixed income by 30% by the year 2025 compared to the base year of 2019. This corresponds to an annual average reduction of 7%. Over the medium term, we are also looking to measure and lower the CO₂ intensity associated with illiquid asset classes (e.g. real estate).
- The second pillar provides for increased investment in sustainable investments that combat climate change and/or advance the United Nations Sustainable Development Goals. They include, most notably, infrastructure investments in renewables and clean transport solutions, as well as focused impact investments.
- The third pillar calls for stepped-up efforts to engage with a range of stakeholders: these include proxy voting, direct engagement and involvement in PRI activities.

Our approach is backed by a carbon risk rating from an external provider, which gives us a comprehensive picture of our investment portfolio's carbon footprint and helps us to actively steer our decarbonisation activities.

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 2020 financial year, we are publishing annual information on social, environmental and governance topics within the Group for the tenth 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 2020. Significant developments in 2021 have been included up until the editorial deadline in July 2020. Unless otherwise indicated, the particulars refer to the entire Group. Our last sustainability report was published in September 2020. 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 2020, we updated our materiality analysis.

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 predominantly avoided gender-specific duplications and instead used the masculine form throughout.

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Contacts

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Corporate Communications

Karl Steinle

Tel. +49 511 5604-1500

Fax +49 511 5604-1648

karl.steinle@hannover-re.com

Investor Relations

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

Isabel Marquardt

Tel. +49 511 5604-1025

Fax +49 511 5604-1648

isabel.marquardt@hannover-re.com

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