

*somewhat
different*



Sustainability Report 2023

hannover **re**[®]

About us

Hannover Re is one of the world's leading reinsurers. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with more than 3,500 staff. The Group's German business is written by the subsidiary E+S Rück.

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

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Jean-Jacques Henchoz,
Chairman of the Executive Board

Foreword from the Executive Board

2-22, UNGC

Ladies and gentlemen,

Despite continued macroeconomic and geopolitical tensions around the world, I am delighted that once again we can look back on a year that developed very favourably for Hannover Re. With Group net income of EUR 1.8 billion in the financial year just ended, we surpassed our target for 2023. We again generated a high level of profitability, not only in property and casualty as well as life and health reinsurance but also on the investment side. Our people, who played a crucial part in our success through their exceptional skills and abilities, were a major pillar of this performance. On behalf of the Executive Board, I would like to express my sincere thanks to them.

Given this economic strength coupled with the know-how of our employees, I am confident that we can successfully tackle one of the most pressing challenges of our time – climate change and the natural disasters that accompany it. Wildfires, windstorm events and floods caused considerable damage around the world last year. We are seeing an increase in both the frequency and severity of extreme weather events and natural catastrophes. Based on our resilient and robustly capitalised business model, we are well prepared to provide protection against these risks.

We are nevertheless aware that these challenges are too enormous to be taken on alone. The insurance industry is undergoing a transformation towards greater sustainability. A key factor here is the dialogue with our business partners. As one of the largest reinsurers in the world, we want to play an active role in shaping the transition towards a decarbonised economy and supporting society's adaption to the impacts of climate change. To this end, we intensified the dialogue with our partners last year and intend to further step up our collaborative efforts. Our focus here is not only on considering risks but also on exploring opportunities to further enhance the positive effects of our business.

In readiness for the challenges mentioned above and as we seek to press ahead on our successful course, we worked intensively on the reorientation of our Group strategy in the year under review. Having brought our strategy cycle 2021–2023 to a successful conclusion, we continue to systematically integrate the three dimensions of sustainability – economic, environmental and social – into the foundation of our Group strategy 2024–2026 “Staying Focused. Thinking Ahead”. Not only environmental concerns, but also diversity, equality and inclusion form integral elements of our new strategy cycle. We continuously support the Ten Principles of the United Nations Global Compact in which we have been a participant since 2020.

Yet we also want to have a positive effect that goes beyond our actual business activities and give something back to society. For us, social responsibility means showing cultural, environmental and social engagement and supporting relevant institutions and projects. Back in 2022 we had already expanded the mission of the Hannover Re Foundation to include the topic of sustainability and we began to dedicate ourselves to sustainability issues alongside our support for art. I am very proud to play an active part here too as a member of the Foundation Board of Directors.

With an eye to the risks and impacts of climate change described above, the Hannover Re Foundation has made environmental and climate protection a major focus of its funding priorities. For the first time last year, we collaborated with the Falling Walls Foundation to hold a Summer School on the theme of “Global Solutions for Water Security”, the goal of which was to bring together thought leaders and talented young minds from science, business and society. As the exclusive partner of the format “Falling Walls Engage”, a global platform for scientific engagement, we further expanded our support for this important issue in 2024.

The topics mentioned here are just a handful of those that we worked on in 2023. I encourage you to take a deeper dive into the activities that we have already initiated or are currently planning around the theme of sustainability and hope you will enjoy some fascinating and stimulating reading.

With kind regards,

Yours,

A handwritten signature in blue ink, consisting of stylized, overlapping letters that appear to be 'JJH' followed by a long horizontal stroke ending in a hook.

Jean-Jacques Henchoz
Chairman of the Executive Board

A wide-angle photograph of a lush green field, likely a vegetable or crop field, stretching towards a horizon under a bright, hazy sky. The sun is low on the horizon, creating a warm, golden glow. The sky is filled with soft, wispy clouds. In the distance, there are some trees and a small structure. The overall scene is peaceful and vibrant.

Foundations





Foundations

Corporate Social Responsibility

2-14

Responsibility for matters of sustainability rests with Hannover Re's Executive Board, which decides on the sustainability strategy as well as 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.

For organisational purposes, sustainability management forms part of the department "Group Strategy & Sustainability" and has a direct reporting line to the Chief Executive Officer (CEO) and Chief Operating Officer (COO). For further information on the governance structure of Hannover Rück SE, we refer to the Group management report in our Group Annual Report 2023.

Key elements of our ESG approach (ESG = Environmental, Social, Governance) are the "Sustainability Function", the "ESG Management Team" and a supporting "ESG Expert Network".

The Sustainability Function is assigned to the department Group Strategy & Sustainability under the leadership of the Corporate Sustainability Manager. It is tasked with, among other things, central coordination of all ESG activities, identifying, analysing and evaluating ESG topics, leading ESG projects, e.g. for implementation of the EU Taxonomy or requirements arising from Corporate Sustainability Reporting Directive (CSRD), advising the specialist departments on ESG matters, submitting proposals for long-term ESG goals to the Executive Board, providing regular reporting to the Executive Board and coordinating an annual ESG programme. The Corporate Sustainability Manager leads the ESG Management Team and convenes the ESG Expert Network.

The ESG Management Team is made up of high-calibre participants from Group Strategy & Sustainability, Group Risk Management, Life & Health Reinsurance, Property & Casualty Reinsurance and Asset Management. The ESG Management Team assists the Sustainability Function with its tasks, ensures dovetailing with the Group strategy and serves as the interface with decentralised units and the central point of contact for fulfilment of ESG-related regulatory requirements.

The ESG Expert Network is composed of employees from various areas of the organisation who are equipped with in-depth knowledge of ESG issues. They serve as central points of contact for the Sustainability Function and assist with all ESG topics.

In view of the special significance attached to sustainability issues and ESG risks, Group Strategy & Sustainability also works closely with the risk management side and helps Group Risk Management to consider sustainability risks in existing risk categories. At the same time, Group Risk Management also reports on ESG topics in the context of the risk reporting that forms part of the Group Annual Reports.

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.

Strategic orientation

2-14, 2-22

Hannover Re's Group strategy is revised every three years. The current strategy cycle 2021–2023 concluded at the end of 2023.

In the Group strategy 2021–2023, strong governance, risk management, integrated compliance and corporate social responsibility form the foundations for our growth as a reliable global reinsurance partner. Three performance drivers – preferred business partner, innovation catalyst, earnings growth – address the global trends affecting the insurance and reinsurance industry. Three performance enablers – empowered employees, a lean operating model, effective capital management – help us to outperform the industry average in terms of return on equity. Four strategic initiatives – client excellence, innovation and digitalisation, growth in the Asia-Pacific region, talent management – are at the heart of the strategic programme for the cycle. This programme is complemented by major Group projects (known as value streams) and joint strategy contributions spanning multiple departments, which also include goals of a non-financial nature. "Corporate Social Responsibility" is one of these joint strategy contributions. The strategic programme is supported and monitored by the Group Strategy & Sustainability department and progress reports are provided to the Executive Board on a quarterly basis.

Four strategic action fields were defined for the strategy cycle 2021–2023. The 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 well-being as well as diversity and equal opportunities. The action field “core business” defines, 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.

Materiality analysis and material topics

3-1, 3-2

Hannover Re regularly conducts materiality analyses to identify material ESG (environmental, social and governance) issues, most recently in the 2023 reporting year. The materiality analysis was conducted based on the publication of the Global Reporting Initiative (GRI Standards 2021; GRI 3) and § 289c of the German Commercial Code (HGB). Preparations for extended reporting requirements under the Corporate Sustainability Reporting Directive (CSRD) also commenced in the year under review and the list of topics covered by the future European Sustainability Reporting Standards (in accordance with ESRS 1) was taken into account in the materiality analysis.

When conducting a materiality analysis, the “materiality of impacts” and “financial materiality” must be considered for identified ESG topics. The ESG topics identified were initially taken from the sector-agnostic European Sustainability Reporting Standards and then supplemented by insurance-specific topics. In the subsequent assessment, a distinction was made between three areas of Hannover Re’s business: own operations, reinsurance and investments.

The survey was conducted in the form of interviews and workshops using a standardised questionnaire. The respective topics were scored by the stakeholders surveyed on a scale from zero (unimportant) to ten (important).

Altogether 16 interviews were conducted with 19 stakeholders (seven interviews with internal stakeholders; nine interviews with external stakeholders) for the purpose of identifying the positive and negative impacts of Hannover Re’s business model (inside-out). The internal stakeholders reflected the perspectives of the various market and service departments. The external stakeholders covered the perspectives of market participants, non-governmental organisations and the scientific community. Workshops were held with Group Risk Management to determine the financial materiality and impacts of the defined topics on Hannover Re’s business model (outside-in).

The average of all the scores for each topic was transferred to a materiality matrix. A topic was defined as material as soon as the threshold value of 6.5 for the inside-out analysis or 5.5 for the outside-in analysis was exceeded.

The materiality analysis was approved by the Executive Board at its meeting on 10 July 2023 and the topics were allocated to the aspects of the non-financial reporting.

Materiality analysis 2023

S 01

Non-financial aspect	Material topic	
Environmental concerns	Adaptation to climate change Climate protection Transition of the energy supply	Corporate culture Risk management system Information security and data protection Compliance management system Relationships with stakeholders
Employee concerns	Working conditions of the workforce Equal treatment and equal opportunities	
Social issues	Adaptation to climate change Transition of the energy supply	
Respect for human rights	Equal treatment and equal opportunities Information security and data protection	
Combating corruption and bribery	Corruption and bribery	

Selected goals and measures of the strategy cycle 2021–2023

Environmental concerns: selected goals

S 02

Goal	Target indicator by 2023	Status 31.12.2023
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	Achieved, will be continued
Promoting the development of actuarial methods for the assessment of risks from natural perils and climate change	Active involvement in and financial sponsorship of various market initiatives and events	Achieved
Advancing a global energy transition through the reinsurance of renewable energy sources	Increase of 60 % in the facultative premium volume for renewable energies	Increase on the planned scale not achieved.
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	Achieved
Asset management: reducing the CO ₂ load in the asset portfolio	Goal tightened: reduction of the carbon footprint (corporate bonds, covered bonds, equities) by 30 % by 2025 (base year 2019)	Ongoing, on target
Reducing greenhouse gas emissions at the Hannover location	Reduction of greenhouse gas emissions at the Hannover location by 25 % per employee (base year 2019)	Achieved
Increasing transparency around greenhouse gas emissions at the worldwide locations	Expansion of data recording for relevant environmental aspects to at least 75 % of the global workforce; the assessed locations are to become 100 % climate-neutral through the purchase of certificates	Achieved

Employee concerns: selected goals

S 03

Goal	Target indicator by 2023	Status 31.12.2023
Identifying, recruiting, developing and retaining performance-driven employees according to requirements	Conceptual design and further refinement of powerful branding and recruitment systems	Achieved
Cultivating and developing global mobility	Adoption of a Global Assignment Policy	Achieved
Supporting the lifelong learning of employees around the world	Alignment of training activities with the values and core competencies of Hannover Re and expanded reporting on the worldwide programme of continuing training	Achieved
Identifying and fostering high potentials and assuring successors for key positions	Optimisation of Group-wide talent reviews with a focus on development planning	Achieved
Promoting the health and performance of employees around the world	Expansion of programmes to promote health and wellness by at least 10 %	Achieved
Increasing diversity on all managerial levels, especially in relation to women	Gender-neutral new appointments/replacements for all vacant leadership positions on all managerial levels worldwide	Achieved
Enhancing equal opportunities through measures to support the compatibility of career and family	Worldwide programme of mobile working	Achieved

Social issues: selected goals

S 04

Goal	Target indicator by 2023	Status 31.12.2023
Further expanding insurance protection for emerging and developing countries in relation to extreme weather events and natural disasters in property and casualty reinsurance	Expansion of NatCat aggregates in emerging and developing countries to close the protection gap	Achieved
Expanding sustainable insurance solutions to mitigate the impacts of climate disasters and natural catastrophes	Discussion and review of at least five programmes and initiatives	Achieved
Expanding insurance protection for previously inadequately insured population groups in life and health reinsurance	Premium growth in developing and emerging countries	Not measurable due to transition from IFRS 4 to IFRS 17
Supporting our primary insurance partners with the (further) development of sustainable insurance solutions in life and health reinsurance	Expanded reinsurance of longevity risks, especially outside the United Kingdom	Achieved
Integrating ESG criteria into the underwriting policy for the facultative reinsurance department	Approval and adoption of an internal framework	Achieved
Asset management: expanding investments that support the sustainable transformation	Measurable expansion by 2023	Achieved
Signing the Principles for Responsible Investment	Signing	Achieved
Expanding corporate citizenship	Increase of 20 % in the existing budget by 2023	Achieved

Respect for human rights: selected goals

S 05

Goal	Target indicator by 2023	Status 31.12.2023
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	Achieved, will be continued

Risk management

3-3

As part of its business activity as a globally operating reinsurance company, Hannover Re knowingly enters into many different risks. These risks are continuously monitored by the risk management side.

In the context of its risk management, Hannover Re also considers risks that arise in connection with environmental concerns, social issues or corporate governance – so-called sustainability or ESG risks. These may be associated with negative implications for the net assets, financial position and results of operations (outside-in perspective) as well as negative implications for the ESG landscape (inside-out perspective) and can jeopardise the company's reputation. Sustainability and reputational risks are managed and monitored under the risk category "Other risks" in Hannover Re's risk management system. Sustainability risks can have implications for underwriting risks in property & casualty and life & health reinsurance, market and counterparty default risks as well as operational risks.

For further information, we refer to the opportunity and risk report in the combined Group management report in our Group Annual Report 2023.

Compliance

3-3

At Hannover Re, we pursue an integrated approach to compliance by embedding compliance activities in a multidisciplinary Compliance Management System. This brings together not only core compliance issues but also extended compliance topics with their own scope of responsibility.

Any form of unlawful or corrupt behaviour inflicts considerable harm on society and impedes free and fair competition. For this reason, lawmakers around the world have taken a number of steps to prevent such behaviour. Companies in the financial sector, like Hannover Re, also have an important role to play when it comes to prevention and execution.

At the same time, integrity and lawful conduct are directly correlated with a company's reputation and create the basis for the trust placed in a company by its employees, business partners, investors, shareholders and the broader public and hence also establish the foundation for its success and competitiveness 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.



Code of Conduct

Hannover Re has a company-wide Code of Conduct that is published on its website in various languages.

The Code of Conduct was approved by the Executive Board and Supervisory Board. The employees of Hannover Re were informed of its implementation by an e-mail from Group Legal Services Compliance and through the intranet in a video message from the CEO. Prior to this, they had an opportunity to contribute to its revision. All new members of staff are provided with the Code of Conduct as an annex to their contract of employment. All employees receive regular training in the Code of Conduct.

The Code of Conduct is guided by the motto “Connected – outside, inside and all around”. It clarifies Hannover Re’s corporate self-image both outside the company in our dealings with business partners and clients (“Outside – we care for our partners”) and in-house in our interactions with one another (“Inside – we care for one another”) as well as in relation to our role in society and the environment (“All-around – we care for our environment”). The Code of Conduct makes it clear that active and passive corruption will not be tolerated. Additionally, it explicitly references the prohibition of money laundering and other criminal activities and contains specific instructions on appropriate behaviour 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 make our employees aware at the start of their employment of the need to observe rules on insider trading and, as warranted, to respect blocking periods for share trading.

Hannover Re expressly emphasises in its Code of Conduct that it does not tolerate any form of discrimination, but rather it cultivates respectful and fair treatment of one another, which forms the basis of our mutual relationships. This also includes the respectful treatment of clients and business partners as well as the transparent provision of pre-contractual information.

Compliance Management System

3-3

Compliance encompasses not only compliance with statutory and regulatory requirements (legal compliance) but also the fulfilment of external standards such as corporate governance principles as well as internal guidelines. At Hannover Re, compliance topics are addressed in a Compliance Management System, which is geared to international standards and ensures that the core tasks of a compliance function are performed:

- Examining and evaluating changes in the legal/regulatory environment and determining measures (monitoring function)
- Advising the Executive Board and the employees on compliance with laws (advisory function)
- Identifying and evaluating specific current and emerging compliance risks (identification function)
- Identifying and assessing material compliance risks (risk function)

The Executive Board is responsible for and tasked with ensuring adequate and effective compliance structures. Execution falls to the Chief Compliance Officer (CCO), who reports in a direct line to the Executive Board on material compliance issues and developments. The annual compliance report is also submitted to the Supervisory Board and its Finance and Audit Committee. The CCO is supported in his work by the Compliance department, specially designated members of staff and a worldwide network of Local Compliance Officers and Compliance Contacts. Monitoring procedures are conducted for the management of compliance risks. Checks can also take place on an ad hoc basis where there are grounds for suspicion. The underlying compliance risk analysis is updated annually.

The CCO works closely with Risk Management to ensure a consistent approach to operational risks, which include compliance risks. Several Compliance Committees also exist, comprised of members from the operational business groups as well as from the areas of Group Legal, Finance, Accounting and Investments. Among other things, the Compliance Committees examine reinsurance treaties with a special eye to compliance with supervisory requirements and accounting standards. The Sanctions Committee takes fundamental decisions on the handling of national and international sanctions.

Attentive and trained employees are a crucial component of a functioning Compliance Management System – both in order to avoid unconscious violations and to recognise and prevent deliberate violations and associated risks. Hannover Re uses various training activities in order to sensitise employees to compliance-related issues. On joining the Group, all new members of staff take compliance training. A new compliance training cycle was also launched for all staff in conjunction with implementation of the new Code of Conduct. All employees undergo compliance training in the Code of Conduct in a rotating cycle of three years. In the 2023 reporting year, in-person training sessions were held for altogether almost 1,000 employees at Hannover Head Office alone. These training sessions cover, among other things, topics such as combating money laundering and terrorist financing as well as compliance with international sanctions. Our employees are also provided with information about the in-house, online speak-up system. In addition, focused training activities are held on various compliance topics throughout the year for specific target groups. 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 CCO keep employees informed about changes in legislation insofar as they affect their work.

Should members of staff or indeed persons outside the company become aware of compliance violations, harmful behaviour or risks, such suspicions can be reported to the CCO or the Compliance department (in person, by phone, post, e-mail or using the Chat functionality) or, if so desired, anonymously through an online speak-up system. The speak-up system is available in four languages. In addition, violations can be reported in any language by e-mail. A central phone number and e-mail address have also been put in place for this purpose. Suspect cases may involve tips about, among other things, human rights violations or environmental pollution, 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. Any tips received as well as the measures taken in response are included in the Annual Compliance Report.

For further information, we refer to the opportunity and risk report in the combined Group management report in our Group Annual Report 2023.

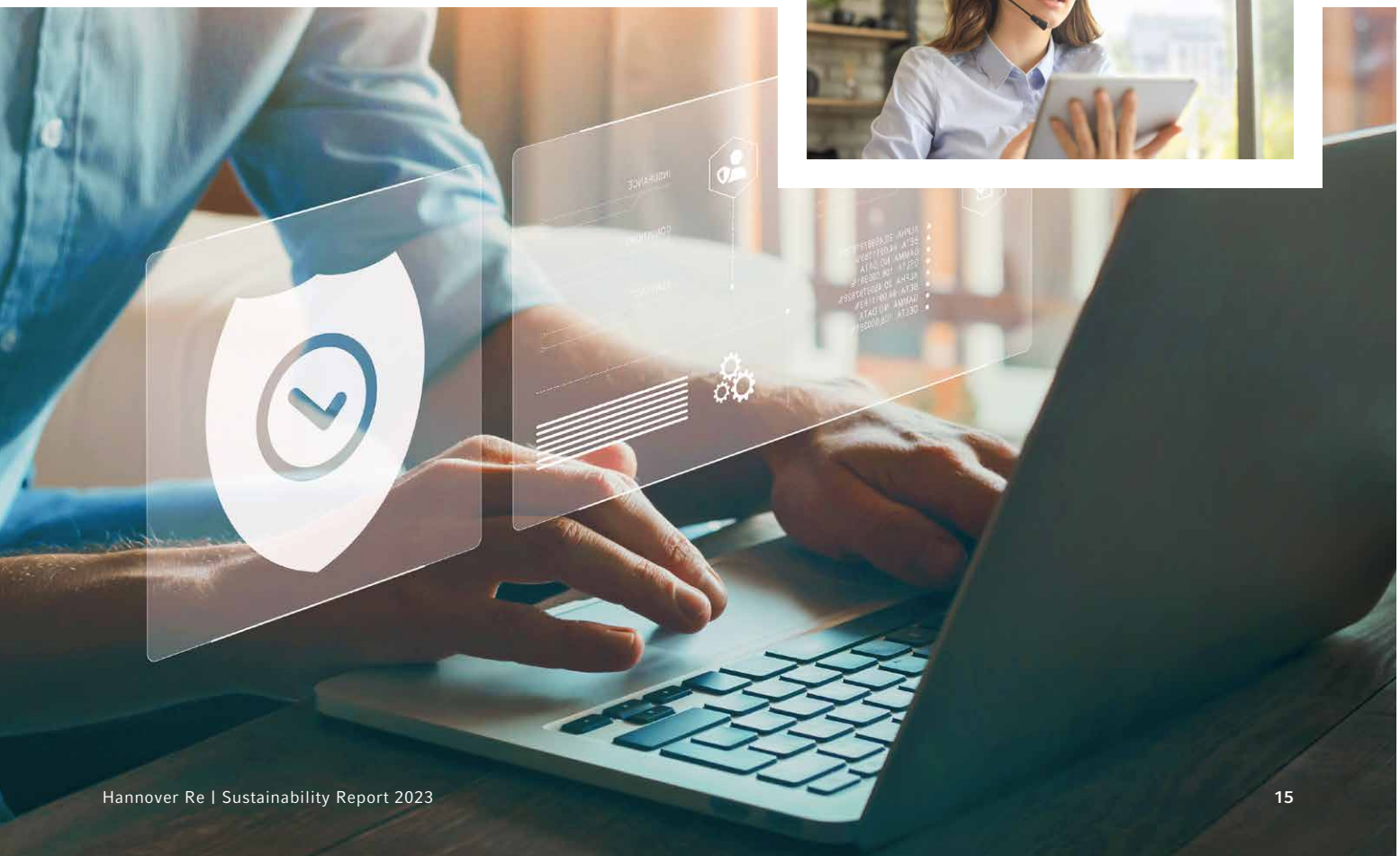
Report on selected compliance issues

Data privacy and information security

418-1

As part of day-to-day business activities, Hannover Re processes extensive personal data, including for example master data, 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, inter alia, human resources management and shareholder administration. We also process personal data to assert our own legitimate interests or those of third parties. In particular, this may be necessary to safeguard IT security and IT operations and to meet official requirements. In addition, we process personal data to fulfil legal obligations such as regulatory requirements governing duties of retention under commercial and tax law or for crosschecking such data against sanctions lists to satisfy legal requirements relating to combating terrorism (e.g. Regulation (EC) 2580/2001). In this respect, our internal processes reflect the principles of “privacy by design” and “privacy by default” as well as in general the fundamental protection principles of the EU General Data Protection Regulation (GDPR), the Federal Data Protection Act (BDSG) and all other relevant data protection legislation. These include

the principle that personal data may only be processed by 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. Adherence to the “need to know” principle is an internal requirement in this context. Our processes are designed in such a way as to ensure continuous monitoring of measures for compliance with data protection requirements. Data protection regulations are tracked in close coordination with Group Auditing. A documented interface, in which the major tasks and responsibilities associated with the supervision of data protection have been defined, exists between the Data Protection Officer of Hannover Re in Germany and Group Auditing. The Hannover Re Group has implemented procedures and methods to ensure that the legal data protection rights of data subjects are respected, for example when it comes to dealing with requests for information or the right to object.



European data protection law guarantees a high level of protection for personal data processed within the European Union (EU) or European Economic Area (EEA). If, as part of our business processes, we transfer personal data to companies/service providers and/or authorities outside the EEA, such transfer only occurs if the third country has been certified by the European Commission as having an adequate level of data protection or is subject to the existence of other adequate data protection guarantees (e.g. EU standard contractual clauses) or legally admissible exemptions in the specific case.

We make use of external service providers to some extent in order to perform our contractual and statutory duties. Contractors are carefully screened and we ensure that service providers are contractually bound in accordance with legal requirements (e.g. conclusion of non-disclosure agreements or commissioned data processing agreements). In the case of certain services (e.g. Cloud service providers) or where employee data is processed in information and communication technology systems, an additional separate review process is in place in which the data protection function is involved.

As far as cedants are concerned, care is already taken when designing the contractual arrangements to ensure that, as a matter of principle, as little personal data as possible (if any) shall be transferred to Hannover Re to the extent actually needed for contract performance. In this regard, cedants are required to respect key data protection obligations, such as obtaining consent from data subjects in conformity with the law insofar as such consent is necessary or fulfilling transparency obligations under data protection law.

The existing structures of the established compliance organisation are used to implement the minimum standards required by data privacy law. We have put in place binding data protection policies Group-wide that regulate the key data protection requirements, tasks and responsibilities. The up-to-date status of the policies is subject to regular review and the guidelines are modified as needed and new processes established. Irrespective of the geographical scope of application of the EU General Data Protection Regulation (GDPR), the designated compliance officers and local data protection officers are responsible for monitoring compliance with the respective data protection requirements. As necessary, they draw up additional local data privacy policies and serve as the interface to Hannover Re's Data Protection Officer in Germany.

All employees receive instruction in data protection topics, including through Web-based training and in-person activities. The latest information on data protection and information security issues is also made available on a regular basis through the Group's internal social media channel in the intranet and, on a case-by-case basis, directly by e-mail to specific groups of recipients.

The Data Protection Officer – who at the same time serves as the Group 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 GDPR and other data protection standards.

The findings of the regular data protection reporting to the Executive Board are also integrated into the compliance report. A notification pursuant to Article 33 of the GDPR was required in one instance during the reporting period (notification of personal data breaches to the supervisory authority). Further information about data protection can be found in the data privacy statement on Hannover Re's website.

Information security

Information security risks arise out of inadequate protection of the confidentiality, integrity or availability of information that is either stored/processed using information technology or handled by natural persons.

Cyber-attacks and the loss of sensitive information can be associated with considerable financial losses and also reputational risks. In our highly networked world, protecting information and defending against cyber-attacks are therefore high priorities.

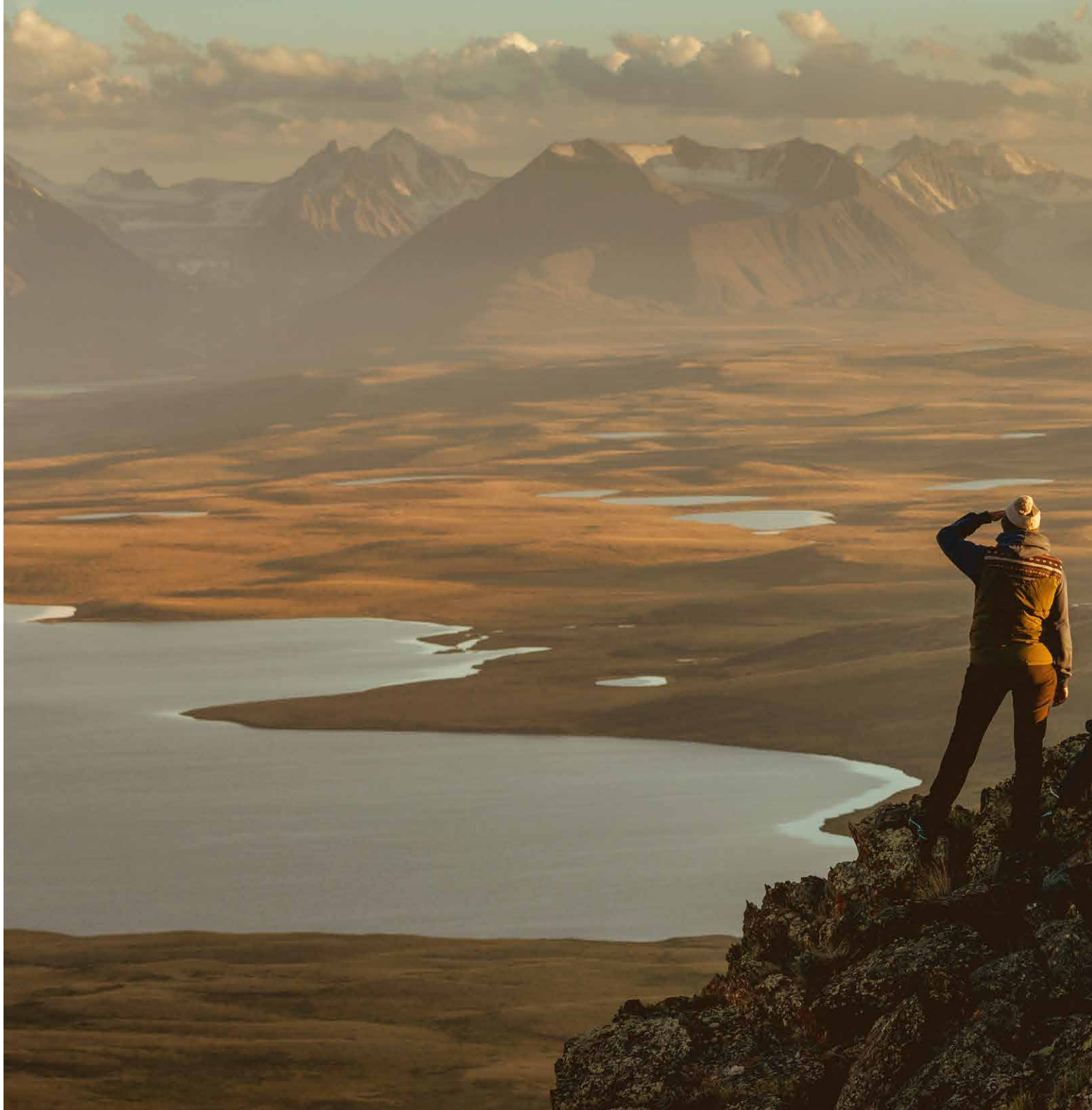
With a view to protecting against these risks, Hannover Re has implemented an Information Security Management System (ISMS) that is closely aligned with international standards and harmonised with other management systems such as data protection or outsourcing management. Guidelines and standards applicable Group-wide regulate all technical and organisational measures including those relating to the confidentiality, integrity and availability of information assets. Consideration is given to all types of digital and physical information assets.

The Executive Board bears overall responsibility for information security. It is supported by the Risk Committee. The Information Risk & Security Committee (IRSC) is a sub-committee of the Risk Committee and is comprised of the Head of Risk Management, the Chief Information Security Officer (CISO) and the Head of IT. The IRSC evaluates and monitors quarterly the corresponding risks and steers any conflicts of interest in relation to information and IT security. It acts – in common with the risk management function and the CRO – independently of any instructions. The full Executive Board is provided with information at least annually by way of an information security report and also within the year if necessary.

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 contact persons and additionally bears responsibility Group-wide for the definition and monitoring of controls. The CISO cooperates closely with Information Risk Management (IRM), the central Compliance function and the Data Protection Officer. Both the CISO and the other specified functions form part of the second line of defence. Furthermore, every single member of staff is responsible for adhering to security standards and receives regular training and awareness-raising with regard to information security topics, e.g. via phishing simulations.

When it comes to a transfer of knowledge in connection with cyber risks (cyber resilience), we participate in various cooperative projects undertaken by our industry.

Transparency





Transparency

Good Governance

Responsible corporate governance

3-3

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 the relationship with our staff, clients and shareholders, the public at large and the cultures within which the company operates.

Hannover Re's objective continues to be to consolidate its position as one of the leading, most profitable reinsurance groups operating worldwide. In aspiring towards this goal, it is particularly important to observe and fulfil the principles of good and sustainable corporate governance. In so doing, we not only comply with the German Corporate Governance Code (DCGK, hereinafter also referred to as the Code), but have also developed our own model for responsible enterprise management, which we consistently pursue and adjust to the latest requirements in accordance with our best practice standards.

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.

German Corporate Governance Code

As an instrument of self-regulation for the business world, the German Corporate Governance Code defines current best practices for corporate governance and is intended to make the German system of corporate governance transparent and comprehensible. It seeks to foster the trust of international and national investors, customers, employees and the general public in the management and supervision of German listed companies. Although the Code does not have binding legal force, the enterprises addressed by the Code are nevertheless required by § 161 Stock Corporation Act (AktG) to provide an annual declaration as to whether or not the recommendations of the Code were and are complied with in the reality of the company's business activities. If recommendations were not acted upon, this is to be explained and disclosed as part of the Declaration of Conformity. Supplementary to the present declaration, the Declarations of Conformity pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code for recent years are published on our website. The Declaration of Conformity for the year under review can be viewed on the Hannover Re website. Further details of the ongoing refinement of corporate governance are published in the Supervisory Board report as part of the Annual Report.

Governance structure

2-9, 2-10, 2-11, 2-20

As a listed European joint-stock company (Societas Europaea, SE) based in Germany, the formal structure of our corporate governance is determined by national law. As an SE, we are also subject to laws on co-determination, especially the participation agreement concluded with the employees. Furthermore, our corporate strategy 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 eight members and the Supervisory Board of nine members. When appointments are made, Hannover Re is guided by the principle of diversity as part of a diversity concept, the ongoing realisation of which is the subject of annual reporting. Wide-ranging qualifications, expertise and relevant experience on the part of the members of the Executive Board and Supervisory Board facilitate a nuanced evaluation of the opportunities and risks associated with business operations and enable balanced and professional actions and decisions to be taken on this basis. Due consideration is given to the aspect of diversity when members of the Executive Board and Supervisory Board are appointed. In addition to specialist and personal qualifications (competencies), this aspect encompasses in particular age, gender, education and professional career. With a view to ensuring that the concept of diversity is applied on an ongoing basis, an assessment is made in the context of every new appointment to the Executive Board or Supervisory Board as to whether the envisaged appointment is also in keeping with the diversity concept. The diversity concept is described in the Declaration on Corporate Governance in the Annual Report.

Diversity on the Supervisory Board and Executive Board continued to be a major focus in the 2023 financial year. Since the end of the Annual General Meeting on 8 May 2019, altogether five women have belonged to the Supervisory Board. It remains the case that female members of the Supervisory Board sit on two of the three Supervisory Board committees. One woman serves on the Finance and Audit Committee, and one is a member of the Nomination Committee. Furthermore, the Supervisory Board considers it important that an adequate number of Supervisory Board members are independent as defined by the German Corporate Governance Code (DCGK).

Dr Ursula Lipowsky chairs the Finance and Audit Committee as an independent member of the Supervisory Board. Dr Andrea Pollak was designated by the Supervisory Board as an ESG expert.

In the year under review, the target for the proportion of women on the Executive Board of Hannover Rück SE by 30 June 2027 was set at 29% or two women. The Supervisory Board appointed Ms Sharon Ooi as a member of the Executive Board of Hannover Rück SE with effect from 11 January 2023, thereby expanding the body from seven to eight members.

The age diversity on the Executive Board ranged from 52 to 64 in the 2023 financial year. On the Supervisory Board, the age range was from 50 to 74.

We publish an overview of the qualifications of the members of Hannover Re's Supervisory Board with the Declaration on Corporate Governance in the Annual Report. This skills matrix also includes a summary of diversity indicators such as gender, age, length of service, citizenship and educational background. The composition of the Supervisory Board was unchanged in 2023.

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.

In addition to the Supervisory Board report and the Declaration on Corporate Governance in the Annual Report, further background information on our corporate governance can be found on our website, including for example our Code of Conduct, the company's Articles of Association and the Supervisory Board's Rules of Procedure.

For the composition of the Executive Board and Supervisory Board, we refer also to our website. The appointment and removal of members of the Executive Board is governed by Sections 84 et seq. of the German Stock Corporation Act (AktG).

The current remuneration system for the Executive Board has been in effect since 1 January 2021. It is in conformity with legal and regulatory requirements as well as the recommendations of the German Corporate Governance Code (DCGK) and establishes the basis for determination of the total remuneration of each member of the Executive Board by the Supervisory Board. The remuneration system was approved by the Annual General Meeting on 5 May 2021.

The remuneration system is transparently and comprehensibly structured overall and responds to the expectations of our investors and other key stakeholders. The remuneration consists of fixed (non-performance-based) and variable (performance-based) components. The considerable relevance of the variable remuneration and the reinforcement of the concept of "pay-for-performance" are front and centre in this regard.

The variable remuneration is based on financial and non-financial performance criteria that are derived from the Hannover Re Group strategy and can be influenced by the Executive Board. The measurement of performance also takes account of sustainability criteria that promote sustainable and long-term growth in the value of the company. In addition, the remuneration of the Executive Board is closely aligned with the interests of our investors through a strong share correlation based on the use of a Performance Share Plan and relative measurement of the Hannover Re share's performance in comparison with our peers. Malus und claw-back provisions make it possible to reduce or claw back variable remuneration components in the event of serious compliance violations.

The remuneration system is submitted to the Annual General Meeting for approval if any material changes are made to the remuneration system, and at least every four years. In addition to the regular vote taken by the Annual General Meeting on the remuneration system, shareholders have an annual opportunity at the Annual General Meeting to address questions and comments to the company regarding the remuneration of the members of the Executive Board in connection with the presentation of the remuneration report and to take a consultative vote on the remuneration system ("say on pay"). For further information, we would refer to the remuneration report for 2023 as well as the system of remuneration; both documents are published separately on our website.

For further information on corporate governance, we would refer to our Group Annual Report 2023 from page 86 onwards, in particular:

- Corporate Governance and Declaration of Conformity
- Working practice of the Executive Board and Supervisory Board
- Working practice of the committees of the Supervisory Board
- Diversity concept of the Executive Board and Supervisory Board
- Remuneration of the Executive Board, Supervisory Board and senior executives below the Executive Board
- Report by the Supervisory Board and its committees
- Changes on the Supervisory Board and Executive Board

Human rights

3-3

In the principles of the United Nations Global Compact defined as long as 20 years ago, 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 issued a corresponding policy statement on respect for human rights. In addition, we publish statements regarding the Modern Slavery Act 2015 (United Kingdom) and the Modern Slavery Act 2018 (Australia) on our website.

Reinsurance business

Our clients are mainly primary insurance companies whose employees are considered to have a similarly low-risk exposure as our own and for whom we therefore do not see any particular risks in relation to a violation of human rights.

With regard to our underwriting activities, we take a differentiated view of our facultative and obligatory reinsurance business.

In the 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), mining operations as well as companies associated with internationally controversial weapons. Our facultative division has drawn up an ESG manual to appropriately address such concerns. It provides for a screening process to identify and decline transactions associated with serious violations of fundamental human rights. Thus, for example, we do not support new projects when we receive knowledge that these projects did not obtain the free, prior and informed consent (FPIC) of impacted indigenous peoples. All facultative underwriters worldwide have been trained to ensure that our ESG screening process is performed thoroughly in accordance with our ESG manual.

In obligatory reinsurance, we provide coverage for large-volume portfolios with sometimes heterogeneous contents. It is not possible to relate specific impacts to rights holders. In the year under review, we began to engage in a systematic dialogue with our clients so as to obtain, inter alia, a more accurate picture of the strategic positioning as regards human rights. The basis for this is the position paper approved in 2022 for the entire property and casualty reinsurance business addressing, among other things, the topic of human rights. Our P&C underwriters complete a compulsory ESG training programme (Web-based training and supplementary focus training), covering a range of issues including human rights.

Asset management

Hannover Re is an active capital markets investor. ESG criteria have been considered in our “Responsible Investment Policy” since 2012.

Within our investments under own management, all fixed-income securities (government and semi-government bonds, corporate bonds and covered bonds) as well as listed equities are subject to negative screening using continuously updated data from an external provider. The Ten Principles of the UN Global Compact are also used as a basis; six of these principles explicitly address the topics of human rights and labour standards. Our investment guidelines further exclude issuers associated with the development and proliferation of internationally controversial weapons.

Suppliers

As a service company, unlike manufacturing companies, we do not have a classic upstream or downstream supply chain of raw and auxiliary materials or manufactured goods. Nevertheless, we too 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 Third Party Code of Conduct. 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 contains the legal requirements applicable to our company. For further information, we refer to our Code of Conduct for Suppliers and our statement on the Modern Slavery Act 2015 (United Kingdom) as well as our statement on the Modern Slavery Act 2018 (Australia).

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 strategic 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 its own, more extensive code of conduct, this is subjected to further scrutiny 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 blacklisted, thereby alerting purchasers accordingly if such vendors are selected and enabling them to refrain from placing an order. Effective 31 December 2023, 100% 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 (FM) 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 2023 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 as well as individual tasks performed by tradespeople).

Employees

Hannover Re's employees are a key factor in its success. The promotion of fair working conditions and a healthy and non-discriminatory working environment therefore form part of our corporate culture.

Hannover Re does not tolerate any form of discrimination whatsoever, but rather it cultivates respectful treatment of one another. This fundamental principle is enshrined in the Code of Conduct that is valid through the organisation. Hannover Re also respects 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 its human resources management, Hannover Re promotes diversity and equal opportunities in the workplace. It adheres to the highest health and safety standards for its employees and has implemented additional measures to support the health and well-being of staff, including encouraging a work-life balance and complying with all applicable working-time regulations. Hannover Re protects personal data of employees through strict adherence to statutory data protection regulations.

Advocacy and memberships

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We are a member of numerous regional, national and global associations, advocacy groups and organisations. Our employees participate in bodies working on various topics and contribute their specialist expertise to relevant discussions. These include, among others, sustainability and ESG topics and, in particular, climate change and climate risks.

The focus of our advocacy is on reinsurance regulation worldwide. In particular, we support open reinsurance markets and the reduction of trade barriers because this is essential for the necessary diversification of risks worldwide. In this context, special reference should be made to our membership in Insurance Europe's Reinsurance Advisory Board (RAB) and the Global Reinsurance Forum (GRF).

The Chief Risk Officer Forum (CRO Forum) is another body in which Hannover Re plays an active part, for example in relation to the topics of sustainability, Solvency II and emerging risks. The CRO Forum is dedicated to promoting best practices in risk management and supports the development of risk-based regulatory systems. We similarly participate in the European Insurance Chief Financial Officer Forum. The CFO Forum focuses in depth on ESG reporting standards, among other things.

Furthermore, we participate in 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. Through insurance solutions and risk management, the IDF's mission is to strengthen resilience and risk protection in regions that are especially vulnerable to natural disasters. As a member of the Geneva Association, an international think tank of the insurance industry, we are part of efforts to raise awareness around the world of the considerable potential for losses from natural perils and climate change.

The following list shows the advocacy groups of particular relevance to Hannover Re, in which it belongs to a governing body or is active in multiple committees or key working groups:

- American Council of Life Insurers (www.acli.com)
- Association des Professionnels de la Réassurance en France (<https://www.apref.org>)
- Association of Bermuda Insurers and Reinsurers (www.abir.bm)
- Association of British Insurers (www.abi.org.uk)
- Chief Risk Officer Forum (www.thecroforum.org)
- European Insurance Chief Financial Officer Forum (www.cfoforum.eu)
- Financial Services Council (Australia) (<http://www.fsc.org.au>)
- General Insurance Association of Malaysia (www.piam.org.my)
- Gesamtverband der Deutschen Versicherungswirtschaft (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 Committee for Insurance Medicine (www.iclam.org)
- International Credit Insurance & Surety Association (www.icisa.org)
- International Underwriting Association of London (www.iua.co.uk)
- Life Insurance Association of Malaysia (www.liam.org.my)
- Reinsurance Advisory Board of Insurance Europe (www.insuranceeurope.eu)
- South African Insurance Association (www.saia.co.za)

Hannover Re became a signatory to the Principles for Responsible Investment (PRI) in December 2020 and a signatory to the Principles for Sustainable Insurance (PSI) in April 2021 and hence a member of the United Nations Environment Programme Finance Initiative (UNEP-FI).

Climate change

3-3

The active exploration of the impacts of progressive climate change takes on special importance in connection with environmental concerns. Extreme weather events and natural disasters, such as heatwaves and droughts, severe precipitation events and storms, and also continuous processes such as global warming, the melting of glaciers and a rise in sea levels, have far-reaching effects on society and the business world and cause considerable economic and insured losses. 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 earth's temperature were to continue rising unchecked, the scale of these phenomena and risks would increase. Yet the desired transition to a climate-friendly, resource-efficient economy also goes hand in hand with a number of social and economic impacts.

In view of these extensive environmental, economic and social implications, 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 degrees, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Overall, far-reaching repercussions are to be anticipated in this connection not only for the real economy but also for the financial sector, which has an important role to play both in climate change adaptation and when it comes to climate protection.

Climate change and the accompanying regulatory measures have a number of implications for Hannover Re's operations. Climate-related risks are relevant to both our reinsurance business and our investments. 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, green technologies.

In its Annual Report, Hannover Re publishes disclosures pursuant to Article 8 of the EU Taxonomy Regulation (IEU/2020/852).

Key points of the TCFD-aligned reporting

The Task Force on Climate-Related Financial Disclosures (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

In general terms, all ESG topics and the associated risks and opportunities go hand in hand with more exacting expectations for the role of management, which is expected to play a prominent part in the organisation of ESG issues and factor them into 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 overseeing the Executive Board in its management of the company, including with respect to risk management.

The Executive Board is advised by the ESG Management Team, which plays a central role in ESG governance. Content responsibility for ESG governance also extends to aspects associated with climate change. The ESG Management Team ensures coordinated dovetailing with the Group strategy and serves as the interface with decentralised units as well as the central point of contact for implementation of ESG-related regulations. It reports to the Executive Board at least every six months. Further submissions regarding matters of sustainability are also put forward during the year as needed.

Hannover Re has set up risk management functions Group-wide to safeguard an efficient risk management system. The involvement of the risk management function in both the ESG Management Team and the ESG Expert Network ensures close interlinking of sustainability and climate risks as well as other ESG risks.

The Supervisory Board explicitly recognises “ESG” as an important subject area in its competency profile and already designated one of its members as an ESG expert back in 2022. In addition, issues relating to sustainability are considered by the Supervisory Board and its committees.

For more extensive information on the structure of our sustainability management and the sustainability function, we refer to the chapter of this report entitled “Foundations”.

Management and Risk Committee

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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. It 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. Risks relating to climate change are considered as part of risk management. They include, among others, risks of sizeable and more frequent natural catastrophes impacting property & casualty and life & health reinsurance, transition risks affecting the investments and litigation risks.

The Risk Committee, which meets quarterly under the leadership of the Chief Executive Officer, is a vital element of the governance structure. 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 Head of Group Auditing as well as two senior executives from local offices abroad and the Chief Risk Officer (CRO). The Risk Committee assures and advances a risk culture, submits proposals to the full Executive Board for the measurement and limitation of material risks, is involved in the New Product Process (NPP) 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.

In the year under review, the Risk Committee received reports on the following matters, among others:

- Reputational and sustainability risks (quarterly reporting)
- Regulatory risks with a special bearing on sustainability
- Climate change-related stress testing

In the context of risk monitoring, the Executive Board determines the risk appetite for natural perils, taking into account the relevant climate-related risks, 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. The cross-departmental processes for managing risk exposures within the Hannover Re Group, especially for natural catastrophe business, are defined in a guideline. Clear responsibilities and rules are specified and the key fundamentals of our underwriting approach in this segment are set out.

A further risk management body is the Actuarial Committee, which similarly meets on a quarterly basis.

The concept of 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 operational management. In this context, it is incumbent on each member of staff to evaluate, manage and avoid 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. The third line of defence is the process-independent monitoring performed by the internal audit function.

We discuss at length the concept of three lines of defence and the structure of our risk management system in the opportunity and risk report as part of the management report in our Group Annual Report 2023.

Strategy

3-3

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 similarly revisited in a three-year cycle and adjusted on the basis of the conducted materiality analysis.

The risk strategy is central to our handling of opportunities and risks and hence also to risks connected with climate change. This risk strategy fleshes out in greater detail the goals of risk management and documents the understanding of risk. We elaborate at length on the risk strategy and further elements of the risk management system in the risk report as part of the management report in our Group Annual Report 2023.

Climate change and the transformation to a lower-emission economy are accompanied by numerous impacts on economic activities and are major themes in our approach to risk management. Among other things, we regularly conduct Group-wide scenario analyses exploring the effects of climate change. These findings are used to recalibrate our atmospheric natural catastrophe models and thus have implications for the pricing of reinsurance treaties in which such risks are covered and for Hannover Re's risk appetite in relation to natural catastrophe risks.

When it comes to risks induced by climate change, our focus is currently on risks associated with the frequency and severity of atmospheric natural disasters, transition risks affecting investing activities, long-term changes in mortality risks affecting life and health reinsurance and litigation risks.



Research and precautionary principle

The working group “Climate Change Stress Test”, including participants from Group Risk Management, Group Legal Services and Investments & Collateral Management, develops measurement options for the various risks resulting from climate change based on the findings from the Intergovernmental Panel on Climate Change (IPCC) report and other recent scientific insights. The working group meets regularly and reports to the Risk Committee.

The information obtained is additionally integrated into the “Own Risk and Solvency Assessment” (ORSA). This assessment is performed once a year as part of the governance requirements and Solvency II Pillar 2. The ORSA report contains analyses of current and emerging risks that could affect Hannover Re’s financial stability. We use our internal capital 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.

For the preventive avoidance of environmental and other ESG losses (precautionary approach), we also consider developments in relevant areas as well as regulatory requirements and publications by rating agencies. As a member of the International Insurance Law Association (AIDA/ARIAS), 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 emerging risks and trends for Hannover Re’s business activities. Altogether, our experts keep a constant eye on some 40 risks and draw up detailed analyses of the top 20. Along with climate change, aspects such as the decline in biodiversity and scarcity of resources are monitored.

Our working group on “Emerging Risks & Scientific Affairs” therefore develops risk briefings and position papers on a range of topics – including ESG issues. These are used by our underwriters and asset managers, among others, to identify inherent risks.

Moreover, ESG risks (just like compliance risks) – which, in general, involve laws and regulations relating to environmental legislation or ESG requirements – are a subject of our review in every New Products Process (NPP). Our Risk & Capital Management Guideline, which contains fundamental rules and definitions regarding climate change and other ESG topics, is valid Group-wide. This risk complex is specified in the Sustainability and Reputation Risk Management Guideline

The Property & Casualty Executive Committee, the Investment Committee and the Environmental Officer similarly develop and discuss climate-related strategic objectives and operational measures. An ESG Management Team is also in place, enabling representatives of all business segments to exchange views on sustainability issues and resulting tasks facing Hannover Re.

For further information, we refer to our risk and opportunity report as part of the management report in our Group Annual Report 2023 as well as the “Solvency and Financial Condition Report” (SFCR), which we publish on our website.

Opportunities

Along with risk management, we attach considerable importance to business opportunity management. Hannover Re searches systematically for new business opportunities 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 business 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. Furthermore, against the backdrop of the globally targeted reduction of greenhouse gas emissions, demand for the insurance of alternative energy technologies will rise and we intend to support this dynamic growth with appropriate products.

As a further consideration, changes in temperature extremes around the world may lead to increased rates of mortality and morbidity, which in turn can generate stronger demand for our products in life and health reinsurance.

The agricultural sector is especially hard hit in this respect. Given the growing need for food and increasingly extreme weather conditions, it remains our expectation that demand for agricultural covers will rise around the world. Not only that, protecting agricultural production is of considerable relevance to the development of structurally deprived regions. Against this backdrop, we have stepped up our collaborative efforts with government and international organisations to expand agricultural insurance.

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. Associated opportunities are described in the chapter "Core business".

Risk management

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

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 analysed, assessed, steered and monitored in the context of our risk management process. 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 $< 0.5\%$. Natural catastrophe events are considered to be large losses if their individual loss amount exceeds EUR 10 million. All material risks are included in the risk register and assigned limits and thresholds.

In assessing the materiality of climate-related risks, we consider three time horizons – short-term (0–1 year), medium-term (1–5 years) and long-term (5–30 years). The expected time horizon for a material, climate change-induced effect as well as the response time available to take management actions is calculated for all relevant risk categories in relation to the impacts of climate change. Thus, for example, the annual renewals in reinsurance business give rise to short response times and the possibility of steering risks accordingly. In our latest analyses and measures, we concentrate on risk categories with anticipated short-term impacts as well as anticipated medium-term impacts with a medium-term response time. The materiality evaluation is qualitative, based on estimates and past loss experiences, and is factored into management actions.

Outside-in perspective

Reinsurance business – physical risks

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, wildfires, 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 and casualty portfolio and by higher morbidity or mortality and can thus affect both main lines of the 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 scenarios 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 scenario comprised of qualitative and quantitative aspects – and looks at two main climate change scenarios:

- 2° C temperature increase by 2050
- 4° C temperature increase by 2050

The following assumptions were made:

- The analysis is based on the Hannover Re Group's portfolio with natural perils exposure
- Adaptation, urbanisation, commodity price inflation, changes in absorption rates as well as mitigation efforts of any type were ignored to isolate the influence of climate change
- The scenarios are defined as immediate stress of the impacts until 2050
- 2° C/4° C scenarios define the increase in the global average surface air temperature compared to the pre-industrial level. Compared with the increase in the average surface air temperature of 1° C already recorded today, these scenarios account for an increase of 1° C/3° C respectively.

Currently, we allow for recalibrations of the models for tropical cyclones in the North Atlantic, tropical cyclones in the Northwest Pacific, floods in Central Europe as well as hail events in Australia and the United States using a detailed approach (event allocation). The analysis of all other perils/regions is conducted using a simplified approach.

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.

All licensed models used for NatCat pricing and risk management are validated and recalibrated as necessary to reflect our own risk assessment. Scientific insights into climate change are also taken into consideration. This process gives rise to multiple challenges. For example, historical data series are used for model generation and it cannot be unambiguously identified to what extent climate change is already considered in the models. A further factor is that scientific projections are normally longer term (2050 or 2100), whereas we attach importance to short-term impacts owing to the typical contract period of one year. Furthermore, we have to deal with opposing effects for various peril characteristics (e.g. expected increase in the intensity of tropical cyclones but a potential decrease in the overall frequency of tropical cyclones), a lack of statistically significant evidence for changes and a lack of scientific consensus for many peril regions. Despite this, adjustments are determined and hence the additional risk associated with short-term climate change is considered both in the pricing and in the overall current solvency capital requirement.

Reinsurance business – climate change-induced mortality and morbidity risks

Given that obligations in the Life & Health business generally have a long-term horizon, the effects of climate change – e.g. from global warming or pollution – are still subject to uncertainties. Currently, we are devoting particularly close attention to the implications of an increased frequency of extreme heat events as well as a reduced frequency of extreme cold events for our Life & Health portfolio.

The expected future claims were analysed in order to verify any exposure. In this context, we look at both different regions and different timeframes. The emission pathways RCP4.5 and RCP8.5 for the year 2100 were used for modelling purposes. The risk is continuously monitored and controlled.

Investments

Climate change-related outside-in risks can also affect investment activities and may influence various investment classes or issuers. Most notably, transition risks can cause the book value or fair value of the impacted assets to fall dramatically or even render them worthless (“stranded assets”).

Transition risks arise in connection with the transition to a climate-friendly economy. In some industries, for example, the current business model as a whole has been thrown into question – as is the case with operators of fossil fuel power plants or sectors engaged in coal mining and oil extraction. In other areas, it will no longer be possible to use the equipment and technologies used today – such as combustion engines powered by fossil fuels. These developments affect companies’ business and earnings potential and hence their financial standing, ability to pay dividends and share price performance – hence also with implications for investing.

As far as transition risks are concerned, we look at issuers/sectors that can have lasting adverse implications for achievement of the Paris targets. For risk assessment purposes, we use a stress test to identify sectors that are particularly carbon intensive (Scope 1 + 2). In the case of our corporate bonds and equities, we apply three risk levels and two reference periods to those sectors that we identify in order to derive the appropriate scenarios.

Rather like in the reinsurance business, physical risks can result from both acute emerging (natural) events and from continuous developments. Real estate and infrastructure assets are especially exposed in this regard owing to the possibility of direct damage. For this reason, we have implemented specific risk analyses for assets when it comes to our directly held real estate portfolio. These are supplemented by flood maps or more extensive climate change scenarios for assessment purposes.

Climate-related and other ESG topics are discussed by the Investment Committee, whose members include 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”.

Climate change-induced litigation risks

We take litigation risks to mean a variety of risks that occur as a consequence of legal disputes. Particularly in relation to climate change, a significant proliferation can be observed here on the global level – also increasingly affecting the private sector and the financial industry.

Within our risk management systems, we model such litigation risks using three realistic disaster scenarios (RDS). Consideration was given to two direct litigation risks as well as one litigation risk connected with directors’ and officers’ (D&O) insurance. The scenarios were determined with the involvement of market departments (first line of defence) and our Group Legal Services department.

The findings were uploaded to the risk management systems and brought to the attention of the Risk Committee.

Inside-out perspective

Reinsurance business

In the context of climate-related, inside-out risks, we analyse impacts arising from within the company in connection with our business activities. Through the development and roll-out of insurance solutions for innovative, climate-friendly technologies, Hannover Re makes an active contribution to economic transformation. At the same time, we are reducing our footprint in core business by implementing specific exclusions. For further information, please see the sections on “Sustainable protection” and “ESG in insurance business” in the chapter “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. Our approach is summarised in a climate strategy. For further information, please see the section on “ESG in asset management” in the chapter “Core business”.

Operations

A comprehensive and consistent approach to the challenges posed by climate change also includes managing the environmental and climate-related impacts of our own operations.

Our environmental policy forms the core of our Environmental Management System. All our other policies and environmental activities are based on this. Responsibility for the system rests with Hannover Re’s entire Executive Board. The focus of our efforts to protect the climate is on reducing CO₂ emissions, which are caused above all by our business travel as well as more broadly by the supply of electricity and heat to our premises.

Metrics and targets

In the context of our sustainability strategy 2021–2023, we have set a number of targets. For further information, we refer to the chapter of this sustainability report entitled “Foundations”.

Offsets

Since 2016, Hannover Re has offset all calculated CO₂ emissions of its German location. In addition, since 2018, all CO₂ emissions due to air travel for the locations in Australia, India, Japan, Malaysia and Shanghai have been offset through the voluntary purchase of climate protection certificates.

Offset payments made since 2020 have supported the Rimba Raya project in Borneo and the project to provide more efficient cook stoves in Uganda. The projects not only support measures to contain climate change, they also promote 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).

For 2023, we expanded the recording of our greenhouse gas emissions to 99% of our global workforce. We extrapolated the figures to 100% and offset them in full.

CO₂-emissions pursuant to the Greenhouse Gas Protocol

S 06

The scope of the entities included in the greenhouse gas accounting was adjusted and expanded in the reporting year. This is based on the IFRS scope of consolidation of the Hannover Re Group and now covers 99% of it. As the first adjustments to the calculation of environmental data were already made in the reporting year as part of the transition to the European Sustainability Reporting Standards (ESRS), the figures are not comparable with the previous year. We have therefore dispensed with the presentation of comparable figures.

in t CO ₂		2023
	Degree of coverage	99 %
Scope 1	Total	389.24
Scope 2	market-based	1,454.63
	location-based	3,283.94
Scope 3	Total	17,248.34
	Business travel (plane ¹)	15,910.57
	Remote working	743.3
	Cloud computing/Data centre	68.69
	Indirect emissions from energy generation (market-based)	525.78

¹ Radiative Forcing Index 2.7 (RFI 2.7)



Employees





Employees

Our People

3-3, 2-7

Well-qualified and motivated employees – together with their enduring commitment – are one of the most important factors in Hannover Re’s success. In this context, growing importance is attached to sustainable human resource management. It is no longer merely the monetary side that plays into the choice of employer, but rather companies are increasingly called on to offer an attractive all-round package (“total rewards”). This encompasses responsible corporate governance, the realisation of sustainable development in core business, reputation, corporate culture, how meaningful the work is, compatibility of career and family life, flexibility as well as other additional benefits.

As a reinsurer, Hannover Re operates in a highly specialised environment and must at the same time respond to the demands placed on companies in general as employers. The Talent Management initiative is therefore a pivotal element of the Group strategy 2021–2023. This puts a focus on the professional and personal development of employees, facilitates career planning and hence career opportunities and ensures that key positions are filled and hence guarantees the growth of the entire organisation.



Leadership Fundamentals

Our leadership fundamentals are closely aligned with Hannover Re’s purpose and values – namely, Responsibility, We-Spirit and Drive – and are firmly enshrined in our leadership programmes, which were further expanded in the year under review. The leadership fundamentals define our expectations of managers; they guide us in our interactions both with one another and with our customers and business partners.

We have operationalised our values with six leadership fundamentals as behavioural anchors:

- Responsibility with Guide and Empower
- We-Spirit with Include and Connect
- Drive with Transform and Develop

In the context of our leadership programme LEAD, which we expanded in 2023 into a comprehensive leadership portfolio for our Group’s senior executives, we make it possible to experience these behavioural anchors and thereby ensure that the leadership fundamentals are widely understood and applied.

In the 2023 reporting year, the labour market and associated personnel management work in the financial sector continued to be highly complex and shaped by a wide range of additional issues. They included, among other things, the digital and ecological transformation, demographic developments, growing shortages of skilled workers and ever-increasing regulatory requirements.

As a central interface function, Global Human Resources at Hannover Re is steered, to a large extent, from Hannover head office and falls within the Chief Executive Officer's scope of responsibility. In the year under review, special efforts were made to advance coordination and standardised process design with all personnel departments around the world as part of the FutureHR project. Hannover Re employed a global workforce of 3,896¹ Group-wide at the reference date of 31 December 2023.

Since 2020, Hannover Re has been a signatory to the United Nations Global Compact (UNGC). Furthermore, Hannover Re recognises the eight core labour standards of the International Labour Organization (ILO) for all its employees around the world and respects the right to freedom of association and union representation. The company is also a signatory to the German Diversity Charter.

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 less than 1% on the reference date of 31 December 2023 just as in the previous year. 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.

¹ New definition according to ESRS standards



Indicators

2-7

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

S 07

Activity level and employment contract by region	2023		
	Number of employees	Men	Women
Number of employees	3,896	1,880	2,016
Germany	1,787	880	907
Europe excl. Germany	577	324	253
America	416	205	211
Africa	506	177	329
Asia	405	189	216
Australia	205	105	100
Full-time positions	3,396	1,763	1,633
Germany	1,378	795	583
Europe excl. Germany	540	313	227
America	408	203	205
Africa	481	161	320
Asia	399	187	212
Australia	190	104	86
Part-time positions	500	117	383
Germany	409	85	324
Europe excl. Germany	37	11	26
America	8	2	6
Africa	25	16	9
Asia	6	2	4
Australia	15	1	14
Permanent positions	3,547	1,712	1,835
Germany	1,661	823	838
Europe excl. Germany	517	296	221
America	388	196	192
Africa	481	154	327
Asia	316	153	163
Australia	184	90	94
Temporary positions	349	152	197
Germany	126	57	69
Europe excl. Germany	60	28	32
America	28	9	19
Africa	25	7	18
Asia	89	36	53
Australia	21	15	6
Trainees	16	7	9

¹ New definition according to ESRS standards

Co-determination and involvement of employees

Hannover Re is an internationally operating company. For us, it goes without saying that we respect relevant laws as the legal foundation of our business activities in all the countries where we operate. Our location in Germany is subject to all individual and collective laws, rules, regulations and directives. For employees at the Hannover location, these include:

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

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.

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 (BetrVG), 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.

The executive staff of Hannover Rück SE and E+S Rückversicherung AG are represented by the joint Executive Committee. This operates in accordance with the Act on a Representative Body for Executive Staff (SprAuG). It cultivates an active dialogue with the executive staff and represents their interests to management.

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 in this function to 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 on the Supervisory Board of E+S Rückversicherung AG are elected by the employees of the joint operation 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. At the reference date of 31 December 2023, 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, timely and comprehensive manner of matters that can have a substantial influence on the position of the company. The joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG as well as the SE Employee Council of Hannover Rück SE and the Economic Committee also duly receive all relevant information within the scope of their right to be informed so as to be able to influence operational changes.

Any concerns may be raised, anonymously if so desired, through an online whistleblower system. All employees are also free to contact their respective supervisor, Human Resources or the Employee Council.

In 2023, we were not made aware of any incidents involving a restriction of rights to freedom of association or collective bargaining at our company.

Attractiveness as an employer

3-3

As an employer, Hannover Re impresses with fair working conditions, efficient structures and sustainable growth targets. In order to inspire employees to stay with us for the long term, Hannover Re offers an attractive package of total rewards. Highly flexible working time models at the Hannover location put in place a good foundation for a healthy work-life balance. In consideration of different life phases, we further expanded flexibility worldwide in relation to place of work and needs-based working time models.

In order to assist our employees with childcare, we operate our own daycare facility, “ReKids”, at the Hannover location, providing all-day supervision for 30 children aged three and under. At Hannover Re, we also invest a great deal in the health and wellness of our employees, e.g. with sports programmes, ergonomic workstations, 360° work-life platforms and healthy meals in the canteen.

Talent Management initiative

With our Talent Management initiative, launched as part of the Group strategy 2021–2023, we have focused since 2020 on attracting and retaining talented people over the long term as well as optimally deploying, fostering and developing them worldwide. Specifically, the initiative encompassed measures to promote global mobility, optimise all material human resources processes, set up a Group-wide human resources IT system, put in place improved succession planning and expand measures in the field of “Learning & Development” – including with an eye to diversity, equity and inclusion (DE&I) considerations.

Recruitment of new employees

We attach very considerable importance to attracting skilled professionals and young talent. Our recruitment activities consequently underwent further impactful expansion around the world in the year under review, particularly in the social media landscape, so as to raise our profile as an employer and remain attractive.

Our primary target groups are university graduates and young professionals/professionals with a background in STEM subjects and related disciplines.

As a route to obtaining a professional qualification, we offer at least 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. Since we are an internationally operating reinsurer, our students taking this programme are given an early opportunity to get to know one of our locations outside Hannover.

We address graduates systematically through university contacts. They can join us directly or through trainee programmes with concentrations in underwriting, risk management or computer science. Trainees are taken on with a permanent employment contract right from the outset. Furthermore, internship opportunities and cooperation arrangements to assist with final degree papers enable students to get to know the company.



Feedback culture and succession planning

Aligned with the learning profiles of employees and our corporate strategy, Human Resources offers collective and individual development opportunities. These are agreed on jointly by the member of staff and their supervisor. At our Hannover location, the basis consists of, among other things, the performance review; we recommend that this should be conducted annually as part of our culture of feedback and trusting collaboration.

Our attractiveness as an employer is further reinforced by career development opportunities. As a general principle, we fill vacant management positions whenever possible from within our own ranks – where qualifications are equivalent. We also do our utmost to fill all positions worldwide on Group Management Level 3 (General Manager) or higher locally or through Global Mobility. An assurance process is in place under which all candidates for Group Management positions are evaluated by an internal panel and additionally subjected to external assessment. Systematic succession planning as part of Talent Reviews reduces risks when executives or staff in mission-critical roles leave the company. The identification of successor candidates takes into account not only the evaluation of their performance and assessment of their potential, but also their fulfilment of our leadership fundamentals.

Employer Branding

In the 2023 reporting year, we continued to grow our social media footprint with a view to attracting and retaining employees. Hannover Re strengthens its global presence by having its own LinkedIn profile.

Along with posts about activities in human resources, our (personnel) strategy and initiatives or insights into the work of staff members, we place job postings both nationally and internationally through LinkedIn, enabling us to address specific target groups.

In our striving to be an employer of choice, implementation of the “Employer Branding Roadmap” also began this year with a focus on the candidate experience. Our goal here is that a candidate should find the recruitment process to be as straightforward and positive as possible.

Positions for (young) professionals as well as leadership roles are generally advertised internally and Group-wide. For outside recruitment purposes, we make particular use of (international and country-specific) recruiting platforms.

Global personnel information system

A major objective of the Talent Management initiative is to put Human Resources (HR) on a global and future-oriented footing in terms of its organisation, processes and systems. A cloud-based personnel information system is being rolled out for this purpose as part of the "FutureHR" project. HR services are being standardised and processes streamlined. "FutureHR" will drive the increase in value creation along the employee life cycle, e.g. through improved core processes in recruitment, learning management and onboarding. The international and multidisciplinary project team is thereby establishing the basis for global talent management and supporting – with a digitalised HR programme – Hannover Re's growth trajectory.

Remuneration and fringe benefits

2-20, 2-30

Employees in Germany benefit from the security and advantages of the collective agreement for the private insurance industry. At the reference date of 31 December 2023, 94% (unchanged) of our employees at the Hannover location were covered by this collective bargaining agreement.

The remaining 6% (unchanged) are Group executives on the Group Management level, 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, these executives additionally receive performance-based remuneration 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 considerable specialisation of our employees, we deploy very highly qualified personnel worldwide. Salaries reflect these high skill levels. Our employees are paid according to their specific tasks, skills and qualifications as well as 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 transparently published criteria, which are function and skill 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 any trends may be emerging. 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.

Supplementary to individual and statutory retirement provisions, employees in Germany who have been with us for longer periods of time are entitled to inclusion in employer-funded retirement provisions. 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.

For more detailed information on the remuneration paid to our employees, executives and the members of the Executive Board, we refer to the remuneration report from page 114 onwards in our Group Annual Report 2023.

Employee satisfaction

401-1

The perspective of our employees on our processes, systems and leadership is very important if we are to remain an attractive employer. For many years now, we have obtained a reliable picture of this by surveying our employees Group-wide through the “Organisational Health Check” (OHC) – just as we did again in the 2023 reporting year. Altogether, 2,276 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 another good overall participation rate of 78%, an increase compared to the previous year. Similarly, with an overall score of 77, the result increased relative to the already high level of the previous year. Seven of the altogether nine dimensions improved, one score remained unchanged and only one dimension showed an insignificant deterioration of one point. Almost all scores in the year under review remained in the “top decile” or “top quartile” based on McKinsey’s global benchmark.

Overall, the satisfaction of our staff is also reflected in a low turnover ratio. The staff turnover ratio at the Hannover location of 4.3% was substantially lower than the German industry average of 5.9%. The average length of service to the company at the Hannover location stood at 11.1 years in 2023.

Employee turnover by region¹

S 08

Region	2023		
	Employees as of 01.01.	Employees as of 31.12.	Employee turnover rate
	3,597	3,896	9.1
Germany	1,635	1,787	4.3
Europe excl. Germany	513	577	18.2
America	404	416	12.0
Africa	477	506	9.8
Asia	370	405	10.6
Australia	198	205	15.9

¹ New definition according to ESRS standards

Learning and development

3-3, 404-2

Hannover Re operates in a knowledge-intensive industry with a high degree of specialisation. The expertise and skills of our employees are assured through a range of attractive learning opportunities, thereby reinforcing a positive perception of the company. At the same time, the state-of-the-art learning programmes made available to our employees enable them to continue their personal growth journey and promote lifelong learning.

In the context of the Talent Management initiative, all ongoing training activities offered by Hannover Re are systematically aligned with our values and our leadership fundamentals.

Leadership development

Roll-out of the global leadership development programme known as “LEAD” moved forward in the 2023 reporting year to promote a values-based leadership culture. The LEAD programme enables participants to experience our values of Responsibility, We-Spirit and Drive. In five modules, our leadership fundamentals are operationalised and put to the test in practice through the exchange with colleagues.

The importance attached to fostering talent at Hannover Re is further underscored by the active involvement of members of the Executive Board, which has the role of programme sponsor. The twelve-month duration and a subsequent learning transfer phase assure its lasting impact and application of the learning contents. This roll-out of LEAD, which began with Group Management, continued in the further course of the year under review on the Team Management level. Reinforced by “learning nuggets” and “peer coaching”, the LEAD programme conveys Hannover Re’s core messages on leadership in the form of blended learning and thus systemically embeds a consistent understanding of leadership.

When it comes to our portfolio of personnel development measures, we attach special importance to a range of measures tailored to specific needs and target groups that reflects Hannover Re’s strategic initiatives and orientation. Further training activities are held in person, online or using a hybrid blended learning format.

The Hannover Re Academy training programme is continuously reviewed and adjusted to meet requirements. The updating of the ReEssentials courses, which are compulsory for all our new employees worldwide as part of their onboarding, continued in the year under review. They consist of special basic seminars that convey in-depth knowledge not only of reinsurance business and risk management but also about the history of Hannover Re and its strategic orientation. These courses not only provide specialist support for our employees, they also enable them to quickly find their way in their new work environment and set about building networks within the organisation.

Along with specialist offerings on information technology, among other things, the training programme currently encompasses compulsory training in compliance issues and data protection, health and wellness courses and a range of guidance in social, methodological and leadership skills as well as intercultural skills.

With our seminars, we continue to address relevant and topical issues internally while at the same time fulfilling 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, and is also applicable to reinsurers. On average, each employee of our company participated – both internally and externally – in 2.4 days of further training in the 2023 reporting year. The number of training days per employee at the Hannover location was 3.5 days.

Average number of training days worldwide and at the Hannover location S 09

Region	2023	2022	2021	2020	2019
Worldwide	2.4	3.0	3.0	2.3	3.4
Germany	3.5	4.2	4.7	3.4	4.8

Global Mobility

Our internationality offers enormous opportunities for development. With our worldwide internal job market attracting ever-growing attention and taking on greater importance, our global assignment policy increasingly enables us to realise short- or long-term assignments to other locations and assignments for training purposes as well as permanent cross-border transfers.



Employee health and wellness

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

The performance capability and health of our employees are essential prerequisites for the sustainable development of our company's business. As employees of a service provider, the activities at our company do not expose them to particularly high risk. Nevertheless, we too are not unaffected by the transformation in the world of work, the need for efficiently structured work processes and the constant pressure for change. This can lead to reduced productivity and physical or psychological disorders – and hence to direct economic impacts on the company as well as social implications for the employees concerned, their private sphere, their colleagues and the social welfare systems. With this in mind, our goal is to preserve and restore the performance capability of our employees at all times.

With a view to protecting the health of the workforce, the applicable employment protection legislation as well as requirements relating to ergonomic workplace design are systematically observed and reviewed worldwide. Instruction in health and safety at the workplace is provided regularly. In addition, wellness among staff is actively encouraged through health promotion measures; these are in place worldwide but are tailored to local needs in each case.

Aspects of workplace safety and health management are governed by various laws in Germany including the Occupational Safety Act (AsiG), the Safety and Health at Work Act (ArbSchG), the Infection Protection Act (IfSG) and the Fire Protection Code. These apply to all employees, service providers and suppliers active in Germany. Our other locations are subject to local national laws which are similarly observed.

A Health and Safety Committee meets regularly at the Hannover location to explore the latest risks, define necessary measures, coordinate activities and determine how to respond in the case of an accumulation of incidents. Our employees receive annual instruction in matters of occupational safety. The process for occupational reintegration management – which is required by law in Germany – is governed by a company agreement which ensures a harmonised internal process with the participation of all relevant areas of the company.

Hazard assessment is a duty of the employer under health and safety legislation that is intended to prevent accidents and work-related health risks and provide safe and healthy workplaces. Hazard assessment also includes exploring psychological risks associated with work.

Based on a survey conducted in 2021, measures were implemented in the year under review that can mitigate potential risks and/or safeguard restorative factors. Focus topics in this connection were the implications of new work environments and how to deal with the continued growth in the workload and the challenges posed by the proliferation of communication media and channels.

Seminars designed to strengthen the resilience and relaxation skills of staff and managers remain an integral part of our preventive wellness support measures, just as they were in previous years; our executives are additionally able to attend workshops tailored specially to their needs and get regular medical check-ups.

In addition, our staff at the Hannover location have access to company sports groups. We also take part in (company) runs and have a cooperation arrangement with a fitness studio.

Our Employee Assistance Programme (EAP) continued to be offered in the year under review. This provides external and anonymous immediate counselling on professional and personal – including health – concerns for our employees, managers and their family members.

Employee health and wellness around the world

Promoting health and wellness is an expression of the high regard in which we hold our employees. Around the world, we are committed to measures that can be easily integrated into everyday working life. Keeping our staff informed about various health issues, such as nutrition and fitness, remains an integral element of our communication.

Our entities abroad organise their programmes on their own initiative. They include, for example, covering a portion of the costs associated with membership of fitness facilities and medical check-ups.

Anti-stress courses and special activities at the workplace round off the programme to support employees' mental well-being. In Orlando, United States, a Wellness Committee develops offerings for staff such as workplace massages and stress management workshops. Mental health training sessions are held regularly in Sydney, Australia, and mental wellness programmes are similarly available in Ireland and the United Kingdom.

The local Employee Assistance Programmes support managers and staff with their professional, personal and health concerns. Our location in Johannesburg has added workshops to its programme that are led by qualified professionals.

Altogether twelve accidents occurred in Germany while at work or commuting in 2023; the total number of employee days lost to absenteeism was 13,746. The rate of absenteeism in Hannover was lower in 2023 than in the previous year at 3.5% (previous year: 4.0%). No work-related fatalities were recorded among the workforce at any Group company. Our business operations do not give rise to any health and safety risks that are covered in formal agreements with trade unions.

Days lost to absenteeism, accidents and fatalities at the Hannover location S 10

	2023	2022	2021	2020	2019
Days lost to absenteeism	13,746	16,644	10,595	11,978	14,469
Rate of absenteeism	3.5 %	4.0 %	2.3 %	2.4 %	4.2 %
Work- or commute-related accidents	12	10	3	6	11
Fatalities	0	0	0	0	0



Diversity and equal opportunities

3-3, 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 fosters a positive working environment, boosts employee motivation and enhances attractiveness as an employer. Moreover, collaboration in diverse teams makes it possible 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.

In the year under review, we moved forward with the roll-out of the Diversity, Equity & Inclusion (DE&I) strategy, which is built on our purpose and our values, as part of our Talent Management initiative. We aim to create opportunities together and be “somewhat different”. Along with the DE&I strategy, we also defined an action plan with nine points of emphasis for 2023.



Somewhat different ways of working

The world of work remains heavily preoccupied with changed ways of working. The most significant implications for our initiative “The somewhat different way of working” continue to be community, digitalisation, mobile working and flexibility. We create units that are perfectly tailored to activity-based flexible working by configuring our office spaces in such a way that they optimally serve the four forms of work – namely, concentration, collaboration, communication and representation. In order to make this idea a reality, we have begun to adopt a shared & clean desk philosophy at the Hannover location.

Since the launch of the initiative, we have actively involved the departments and their staff in the redesign process. This gives everyone a unique opportunity to help shape an inspiring work setting that looks to the future. The pilot project has now been completed and various areas, including the Executive Board, were able to move into their new workspaces.

Non-discriminatory environment

Supporting fair working conditions as well as a healthy and non-discriminatory working environment is part of Hannover Re’s corporate culture. The Executive Board has recognised the Core Labour Standards of the International Labour Organization (ILO) for 100% of the workforce. We also take the German General Equal Treatment Act (AGG) as our yardstick. Hannover Re does not tolerate any form of discrimination whatsoever. Unequal treatment, disadvantaging or exclusion of any type, e.g. based on age, disability, health impairment or medical condition, relationship/marital status, gender/gender identity or expression, skin colour, ethnicity or nationality, social origin, religion or world view or sexual orientation are not tolerated. We welcome all other facets of diversity. These include, inter alia, attributes such as demeanour, appearance, education, professional experience, dialect, income, leisure habits, hierarchical level, service to the company as well as the personality traits of the individual.

This is enshrined in our company-wide Code of Conduct. Furthermore, the right to form employee representative bodies and to engage in collective bargaining negotiations over working conditions is recognised; employees are neither advantaged nor disadvantaged on account of their membership in a trade union or employee representative body. It is incumbent upon every employee to report any suspected or known violations. To do so, they may turn to their supervisor, Human Resources, 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.

The proportion of persons with severe disabilities employed at the Hannover location (only those employed directly) was 2.4% in 2023.

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. One focus of our measures continues to be on fostering women in leadership positions. Worldwide, the proportion of women stood at 25.3% in the year under review. This means that we have achieved the target quota of 25% for women on management levels M1 to M3 set by the Executive Board for no later than 2027.

Group-wide, the gender ratio of the 3,896-strong workforce is virtually balanced at 48.3% male and 51.7% female.

Various tools and processes have been adopted to affirm women in their professional development. These include, for example, support for a Group-wide women's network, advice sessions for parents-to-be and flexible arrangements for employees returning from parental leave.

The mentoring programme, in particular, is a highly individual development tool. It brings employees (mentees) together with senior executives (mentors) for a period of twelve months to engage in targeted, regular dialogue. The programme encourages mentees 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. For the participating senior executives, too, the role of mentor enables them to gain their own insights. The programme was rolled out internationally in the reporting period with 50% of the places filled by women so as to systematically foster young female talent.

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

S 11

in %	2023	2022	2021	2020	2019
Target quota set	25.0	18.0	18.0	18.0	18.0
Quota achieved	25.3	20.0	18.0	18.0	17.4

Work-life balance

401-3

Measures that support a work-life balance lead to increased employee retention, boost staff motivation and support both operational health management and social security systems. For potential applicants, too, it is an important factor in their choice of employer.

Mobile working and flexible working time models are important elements in the compatibility of work and family life. They have been an integral part of the modern world of work at Hannover Re for many years and enhance both our attractiveness and the loyalty and commitment of the workforce.

Our regular measures in Germany encompass multiple part-time models as well as flexible working-time arrangements without core hours and partial retirement. Mobile working is governed by an extensive and attractive company agreement on "Flexible Working". At the Hannover location, 409 part-time members of staff were employed as at 31 December 2023 on the basis of more than 60 individually agreed working time models. Our international locations have similar models, albeit tailored to local conditions.

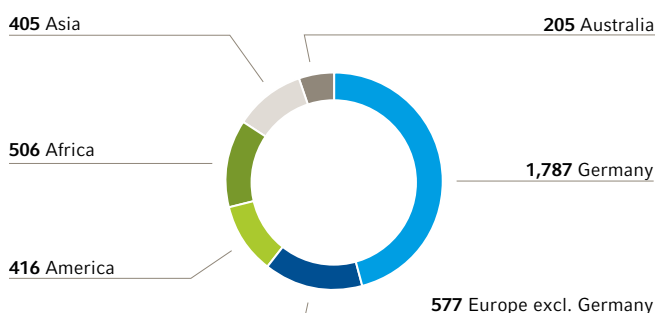
We consider it entirely routine to actively maintain contact with our staff members on parental leave, especially to make it easier for employees to return during or after parental leave. On a Group-wide basis, 357 employees of our company were on parental leave in the 2023 reporting year, thereof 115 men and 242 women.

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.

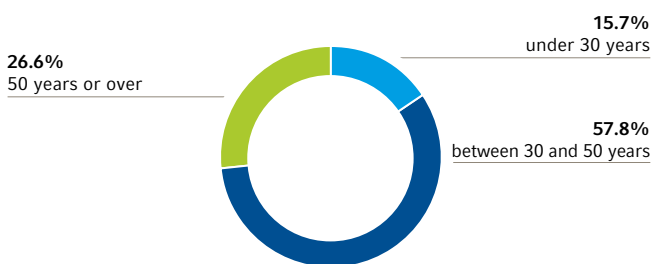
Throughout our entire Group, employees are selected without regard to origin. We are proud that numerous experts from a wide range of areas and with different cultural backgrounds work for us. Colleagues from altogether 61 different nations worked at the Hannover location as at 31 December 2023.

Breakdown of employees by regions in 2023 S 12



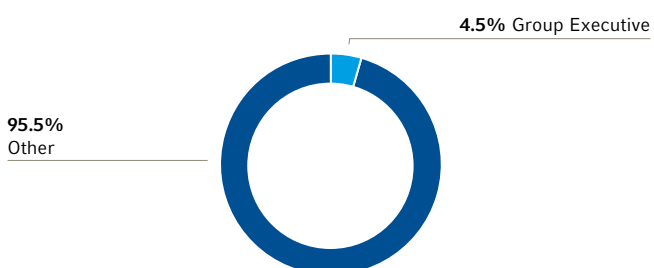
The age structure of our Group's workforce in 2023 again reveals a balanced picture: 15.7% of our employees are under 30, 57.8% are aged between 30 and 50 and 26.6% are 50 or over. A comparison of the age structure over the years shows a trend in line with the shift in demographics. The proportion of employees aged "50 and over" rose steadily by 10 percentage points in the period from 2011 to 2023 and will decline again for the first time in 2023.

Age structure of employees throughout the Group S 13



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

Breakdown of employees by hierarchical level in 2023 S 14



Breakdown of employees by gender and employee category

S 15

	Gender	2023 ¹		2022		2021		2020		
		Number	+/- previous year	Number ²	in % ³	Number ²	in % ³	Number ²	in % ³	
Number of employees	Men	1,880	186	11.0	1,694	5.8	1,601	2.6	1,560	8.7
	Women	2,016	192	10.5	1,824	4.5	1,745	5.2	1,658	0.6
Group Executive	Men	130	5	4.0	125	3.3	121	0.0	121	0.8
	Women	44	10	29.4	34	9.7	31	14.8	27	0.0
Other employees	Men	1,750	181	11.5	1,569	6.0	1,480	2.8	1,439	9.4
	Women	1,972	182	10.2	1,790	4.4	1,714	5.1	1,631	0.6

¹ New definition according to ESRS standards

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.

³ Percentages refer to the change in the respective employee group compared to the previous year

Core business





Core business

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 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.

Above and beyond this, as an insurance undertaking, we have a whole range of possibilities to actively support these developments and advance the transformation towards a more sustainable future. In our role as risk carrier, we enable technological progress 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 that actively contribute to the achievement of climate and sustainability goals, for example with the aid of new technologies. As a solution provider, we develop innovative insurance products that deliver protection – especially for people in emerging and developing countries – against the now unavoidable 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.

Sustainable Protection

3-3

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 countries of the Global South and we contribute to social and financial inclusion, both in property & casualty and life & health reinsurance. Furthermore, we assist 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. We additionally concentrate 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. To this end, we participate in various initiatives or research projects that support the fulfilment of our goals. In the context of our working group on “Emerging Risks & Scientific Affairs”, we monitor not only megatrends and emerging risks, but also the resulting opportunities.

Our engagement in property and casualty reinsurance

Strengthening resilience against natural perils

In property and casualty reinsurance, we facilitate first and foremost the expansion of insurance protection for extreme weather events and natural disasters. Emerging and developing countries are disproportionately impacted by such extreme events, leaving the people living there often facing a protection gap. Our goal, therefore, is to expand our natural catastrophe covers in emerging and developing countries and our sustainable insurance solutions so as to alleviate the impacts of climate disasters and natural catastrophes. We cooperate closely with our partners on the provision of insurance protection and promote the development of actuarial methods in various initiatives for the evaluation of such risks. In this way, we help to close this protection gap and strengthen financial resilience.

Parametric insurance

We participate in the development, realisation and placement of index-based (or parametric) insurance solutions. In contrast to indemnity-based insurance, payment under parametric covers is made when a previously defined value is reached rather than on occurrence of an ascertainable loss. Parameters such as amount of participation, wind speed or earthquake intensity can be used for this value, also known as the trigger. The amount paid out then depends solely on the predefined threshold value being exceeded and does not require any further local inspection or assessment of the loss. Generally, no history of concrete prior events is needed to calculate premiums because they can be based on historical index values. This makes it possible to insure individual risks even without previous losses and offer premiums commensurate with the risks.

Parametric covers not only offer risk assessment based on multi-year, objectively measurable data, they also open up considerable cost benefits in claims settlement because only the underlying data are used to determine the amount paid out. As tools based primarily on the sharing of digital information, they also lend themselves particularly well to process automation in digital ecosystems, which brings additional cost benefits. Since parametric payments do not require any loss adjustment on-site, payment of the funds behind the insurance benefit can be quick and uncomplicated – even to hard-to-reach insureds in remote locations. Along with the traditional channel of bank accounts, for example, online payment platforms or mobile phone networks can also be used here as needed.

Among the initiatives that we support at Hannover Re, special significance is attached to the Natural Disaster Fund (NDF). It is financed with third-party capital and supported by Hannover Re, Kreditanstalt für Wiederaufbau (KfW) and the UK Foreign, Commonwealth & Development Office (FCDO). The goal of the NDF is to increase insurance coverage for natural disasters by addressing customers and population groups that currently do not have insurance protection. By 2023, it was possible to insure an additional 40 million people in 55 countries.

In 2023, we booked premium in the high triple-digit millions (EUR) for reinsurance protection in the area of agricultural risks, with roughly a third coming from developing and emerging countries in South America, Asia and Africa. Particularly noteworthy is the special role played by Hannover Re in the Peruvian market, where we partner with the government and the primary insurance sector to protect subsistence farmers throughout the country against crop failures. Considering the households belonging to the scheme, more than five million people benefited from this protection cover in 2023.

Hannover Re is also a founding member of the Lemonade Crypto Climate Coalition, which was formed in February 2022. The coalition aims to provide subsistence farmers and livestock keepers with an insurance mechanism for events of unforeseeable catastrophic losses caused by extreme climate and weather events. Farmers are able to pay premiums and receive payments with global stablecoins or local currencies using a decentralised application (dApp) on their phone. Roughly 10,000 farmers are insured under the pilot project in Kenya and the first two harvest seasons have been successfully completed. The payments already made show that the product is working. Further regional projects are in the pipeline.

Hannover Re is an active member of the Insurance Development Forum (IDF). The IDF is a public-private platform for coordination and cooperation between the insurance industry and public-sector agencies and organisations such as the United Nations, the World Bank and other development finance organisations.



The strategy adopted by the IDF is to use insurance and risk management capacities to improve resilience and the protection of people, communities, businesses and public institutions in developing countries at risk of catastrophic events and the associated economic losses.

In the context of the trilateral agreement between the IDF, the Federal Ministry for Economic Cooperation and Development (BMZ) and the United Nations Development Programme (UNDP), we are involved in several projects for new insurance solutions to cover financial losses from natural disasters for vulnerable countries. As a partner on the project “Enhancing Medellin’s Urban Resilience” in Colombia, we worked jointly with WTW and Global Communities on the development of index-based protection against floods, earthquakes and landslides. Co-financed by the InsuResilience Solutions Fund, the project was completed in mid-2023 and presented at venues including the COP 28 UN Climate Change Conference. Another project that we are similarly pursuing together with multiple partners aims to protect various cities in Argentina against flood risks.

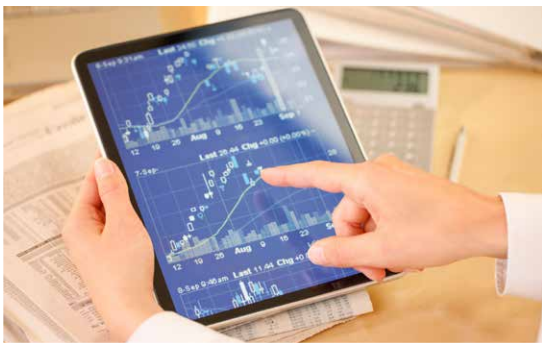
Catastrophe bonds

In 2023, Hannover Re transferred altogether ten catastrophe bonds with a volume of USD 2.8 billion (previous year: USD 1.3 billion) to the capital market for its clients and hence underscored its leading position in the market for insurance-linked securities.

The purpose of catastrophe bonds is to transfer insurance risks – usually natural catastrophe risks – to investors and thus boost the supply of available reinsurance capacity. Through the additional provision of investor capital, catastrophe bonds help to mitigate adverse impacts in the event of natural disasters and thereby stabilise society.

Last year, Hannover Re helped bring covers to market for its customers against losses from natural disasters such as floods, storms and earthquakes. Traditionally, companies from the insurance sector look to catastrophe bonds as alternative risk coverage. Corporate groups from other industries and, indeed, countries are now also increasingly turning to Hannover Re and its partners for the placement of insurance risks with investors.

Since 2014, experts from Hannover Re have taken part in the Munich Climate Insurance Initiative (MCII), a charitable organisation. The goal of the MCII is to operationalise various initiatives intended to boost the resilience of countries particularly impacted by climate change.



We have contributed our expertise in risk modelling to the Pacific Insurance & Climate Adaptation Programme (PICAP) since 2021. Under the auspices of the United Nations Capital Development Fund (UNCDF), a broad-based network of partners has developed a parametric cover against climate risks for small island states in the Pacific. Local insurers market the inclusive and technology-based product in the region. Following its launch in Fiji, Tonga and Vanuatu, transfer of the solution to other islands began in 2022. The long-term goal is to further develop the product and roll it out worldwide.

As part of our cooperation with the Moroccan Ministry of Economy and Finance and the Solidarity Fund against Catastrophic Events (FSEC), we again participated in covering a traditional and a parametric insurance solution in 2023 that provides financial protection for the local population against earthquakes, floods, tsunamis and terrorism risks. This initiative was supported by the World Bank. Following a major earthquake in Morocco, a significant payment was made to the government in 2023 for the rural, uninsured population.

Sustainable and green technologies

At Hannover Re, a team of experts works on the development of parametric coverage concepts geared to the individual needs of our clients. We collaborate with a growing global network of fintechs, insurtechs and start-ups that have specialised in less insurance-specific aspects such as data acquisition. Thanks to these cooperations, we are able to integrate the latest technologies into our parametric covers and customise them to fit the individual requirements of our customers. This involves not only locally specific data for risk modelling and innovative individual products, but also platform solutions to structure processes more efficiently for our customers.

Our partner network in the emerging insurtech sector increasingly encompasses digital management and distribution systems that we can draw on as needed. These systems can play a significant part in the establishment of new value chains, especially in cooperation with customers outside the insurance industry – such as non-governmental organisations or public sector partners.

In support of a global energy transition, we are explicitly 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 engage with new technologies – such as hydrogen – that are still in the development stage. Our facultative premium volume grew by 53% from 2021 to 2023 in this segment, which continues to be a strategic growth segment.

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, cyber security and artificial intelligence are also addressed by our working group, which supports monitoring across the various departments. Further issues relevant to our business going forward that have been analysed so far include, among many others, environmental pollution, natural catastrophes, fracking, the supply of raw materials and socio-economic inequalities.

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 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).

Since it is now the case that underwriting processes increasingly take place during the sales conversation, our subsidiary E+S Rück makes the electronic underwriting tools esImeRiT and esUnfallIT available to its clients to enable medical assessment directly in the customer’s presence. The application esImeRiT, in particular, is also provided for use as a mobile solution and can thus be deployed in the digital environment. In the field of functional disability insurance, this makes 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. E+S Rück also works with various cooperation partners. The rehab service provider RehaAssist, for example, supports severely injured policyholders so as to enable them to recover as quickly and completely 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.

We are a long-time supporter of the Global Earthquake Model (GEM) Foundation. The GEM Foundation’s mission is to improve public understanding and awareness of earthquake risks through the development of a global stochastic earthquake model and the seismic hazard and risk maps generated by the 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 public 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. The GEM Foundation's updated strategy targets expansion to include additional geophysical hazards such as landslides and tsunamis. In addition, the approaches adopted by the GEM are to be applied to meteorological perils, such as floods and windstorms, through cooperation with partners.

We are a partner supporting the Open Loss Modelling Framework (OASIS). OASIS has developed an open-source simulation engine and a financial software component. This is intended to enable model developers and scientists to efficiently provide natural hazard models for public and private users as well as 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. In addition, worldwide standards have been developed for collecting data on exposed physical assets in an exchange format among different market players such as insurers, reinsurers and brokers.

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 Environment", 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.

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.

Furthermore, we participate in the Climate Risk Committee of the International Underwriting Association (IUA) when it comes to identifying legal, regulatory and operational issues that may arise for the insurance market in connection with climate risks.

In addition, we are a member of the Chief Risk Officer (CRO) Forum. We are a permanent participant in the CRO Forum's Emerging Risk Initiative and in working groups devoted to issues of sustainability and greenwashing. The Emerging Risk Initiative, for example, 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, economic stability, environment and climate change, ESG challenges, shifting geopolitical landscapes, technological advances and their implications for society as well as demographics and social change. In the year under review, the risks of "energy storage systems" and "data ethics" were added, among others. The publications released by the initiative are publicly accessible on the CRO Forum website.

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.

Longevity

In longevity business, we develop innovative annuity products tailored to the individual needs of end customers in various life situations. Awareness of a consistent increase in life expectancy 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. Equipped with our profound expertise on the longevity market, we successfully support our clients with the development of tailor-made solutions for the coverage of such longevity risks. We have been doing this since 1995 and are one of the leading providers in the market for longevity solutions.

With our longevity insurance products, we also help to fight poverty in old age. While the bulk of the volume still derives from the UK market, last year we increasingly offered solutions in markets where solid longevity protection has hitherto been lacking and thereby once again demonstrated our ability to transfer our longevity expertise to global markets. These include, among others, Europe, Australia, North America and Africa, where we quoted inquiries from over 30 countries and helped to raise awareness around protection for the longevity risk as a crucial component of retirement provision. Not only in various European markets, but also and most notably in Hong Kong and South Korea, we see a growing need for the development and roll-out of individual annuity products.

“Flow DB treaties” are just one example of our longevity insurance products. This solution is aimed at smaller pension funds that get overlooked on account of the large number of pension funds on the market seeking to pass on their risk. In order to ensure that such smaller pension funds are also able to protect the annuity payments for their members, we offer our primary insurance partners a treaty construct in which smaller portfolios without experience values and below a certain size are reinsured automatically.

“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.

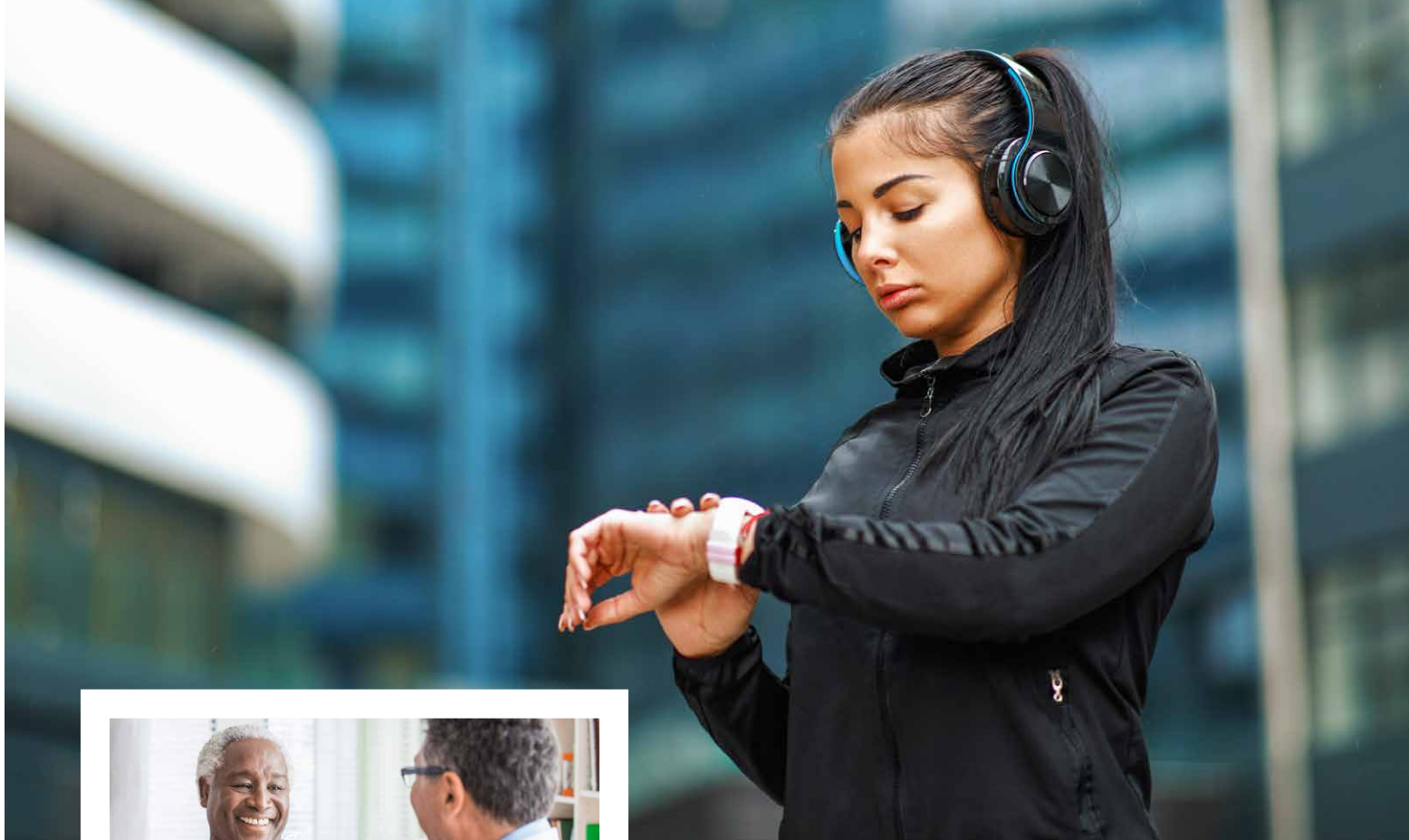
In our role as a member of the Geneva Association, we engage with issues of demographic change in the working group on “Global Ageing”. In our own in-house working group on “Emerging Risks & Scientific Affairs”, we also analyse issues such as urbanisation and a wide range of health risks as a side-effect of climate change, the abuse of medications and obesity. In 2021, the position papers on pandemics and medical advances, among others, were updated. Internally, the topics of long Covid syndrome and the health risks associated with cannabis consumption were also explored and position papers similarly made available.

Mental health

Conflicts around the world, climate change and stubbornly high inflation can have considerable effects on people’s mental well-being. Sick leave due to psychological disorders is on the rise, just like the consumption of alcohol and drugs. The impacts on society are not to be underestimated, and not only physical symptoms but also mental problems remain a central preoccupation when it comes to health concerns.

We help our customers to develop appropriate products and hence offer their customers, the policyholders, the greatest possible support. Through our education & training programme, we provide our customers’ underwriters with further training and thereby enable them to arrive at even more adequate risk assessments and evaluations. The support we offer in the form of our expertise and know-how is especially valuable in countries where the insurance market is still relatively immature. In this way, we put in place the basic preconditions for reducing the stigma attached to mental illnesses, making it possible to correctly identify these disorders and offer sufferers the appropriate help.

It is our expectation that, as scepticism towards these disorders diminishes, more information will be provided about mental disorders in the underwriting process and claims will rise. It is therefore important for underwriters, claims assessors and product developers to stay informed of developments in the field of mental health in order to offer the best possible insurance protection and a corresponding range of benefits for sufferers.



At Hannover Re, we work with medical professionals to equip underwriters with evidence-based guidelines for the underwriting of physical and mental disorders. Our underwriting manual hr | Ascent is divided into several categories for mental health problems, which we regularly review in line with our underwriting philosophy and update as needed.

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, such as insurtechs and healthtechs, to deliver appropriately tailored insurance solutions for groups of persons such as these that are (as yet) inadequately insured.

We have expanded our support of microinsurance companies in South Africa that have an explicit focus on offering cover to the lowest income segment in our populations. We provide assistance to these companies through reinsurance capacity as well as product and pricing support.

ReCent Medical News

We cover a broad range of topics with our “ReCent” newsletters. Along with the series “ReCent Medical News”, which looks at current and emerging medical trends, “ReCent Actuarial News” has a topical focus on actuarial, mathematical and stochastic issues. Not only that, our international entities in the United Kingdom (ReCent UK) and United States (ReCent US) have established similar formats in their markets. Our ReCent Special Editions addressing specific topical concentrations round off the range of publications. In 2023, for example, a 13-part series was launched on monogenetic diseases, looking at key medical information for risk assessment with respect to each of these disorders. By offering this service, we enable our (potential) customers to profit from our global expertise and integrate this knowledge into their daily work. Depending on the thematic focus and market, we send the newsletters directly by e-mail to our customers and/or publish them on our homepage, on LinkedIn and in hr | Ascent, our underwriting manual for life insurance risks.

Vitality Active

Lifestyle insurance solutions are for the most part products for which the premium and any bonus payments are linked to the insured's healthy lifestyle – e.g. fitness and nutritional habits. In this way, insureds are incentivised to pursue a healthier and more health-conscious way of life. This has multiple favourable effects: in addition to the expected positive health aspects, the policyholder also benefits from a reduction in their own insurance premium. At the same time, local partners and the local economy are supported through the awarding of vouchers under the bonus programme. Moreover, the strain is taken off the healthcare system as a whole through the encouragement of preventive health measures and the associated cost savings.

One example is Vitality Active – a steadily growing cooperation with the Discovery Group in South Africa. By the end of 2023, eight primary insurers around the world had implemented the programme. The interest is particularly high in the Latin American market. Here we are planning a simplified version of Vitality as part of a reinsurance contract that does not incur any additional costs for our insurance partner and thus promotes greater utilisation and acceptance. The aim is to reduce longer-term healthcare costs through a broader focus on preventive healthcare.

We are expanding our claims rehabilitation programme for lump sum and income disability products in South Africa. We are referring an increasing number of individuals for this support given the positive feedback provided by policyholders as well as the success of the programme. Our approach focuses on making reintegration into working life – such as after a protracted illness – as easy and uncomplicated as possible for policyholders. Additionally, we are using a light-touch version of the programme to assist individuals who are at risk of long-term insurance claims, with the intended outcome of improving their long-term health outcomes. The programme is facilitated by our network of occupational therapists who have an explicit focus on assisting individuals who are traditionally regarded as “disabled” to return to productive employment. A significant part of the success of the programme is attributable to continued support of these individuals for a period once they return to work. The average return to work rate for all individuals who participated in the programme was 37%.

In addition to closing the protection gap in countries of the Global South, we are just as dedicated to improving insurance protection in developed countries. The focus there is increasingly on prevention and early diagnosis to maximise treatment success.

In Australia, we offer numerous rehabilitation services to bring recovery and return-to-work solutions across the value chain. We drive innovation that positively impacts, and we invest in research to help support the recovery challenges of our customers. Furthermore, we offer bespoke and distinctive industry educational initiatives, such as our Rehab Book Clubs, Rehabilitation Mental Health Bites, Professional Development Seminars, and Rehabilitation Summits, such as our Rehabilitation Mental Health Summit and Rehabilitation Spring Fair, which we hosted in 2022 and 2023 respectively.

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.

Our innovation platform hr | equarium connects Hannover Re's global insurance clients with insurtech partners, providing access to a diverse range of solutions across the entire value chain. Through hr | equarium, Hannover Re offers the insurance industry ready access to product and sales innovations, contributing to key competitive advantages for insurers meeting customer needs. Launched in 2019, hr | equarium was then extended to the entire insurance industry in 2022 and now offers almost 200 diverse insurtech solutions including digital distribution, AI and analytics, wearables and sensors, and more. With over 800 clients from more than 110 countries, hr | equarium is a hub for global collaboration.

Since April 2021, hr | equarium has been showcasing insightful articles and interviews with industry experts and innovative entrepreneurs, which are also shared widely on LinkedIn. The topics delve into pertinent sustainable and societal issues impacting (re)insurance, including digitalisation, mental health and changing customer needs.

Digital Business Accelerator

The Digital Business Accelerator for Life & Health (L&H DBA) is focused on partnerships for enhanced risk assessment and scalable product, as well as proposition development. The goal is to create a path of value from emerging technologies and trends to accelerate underwriting, improve risk and claims assessment, and develop scalable life and health solutions that positively impact society while promoting health and wellness.

The L&H DBA collaborated with LifeQ to develop an insurance solution supporting Hannover Re's insurance clients in providing more than just financial protection. This solution promotes longevity and better health, aiding insurers in understanding and mitigating risks associated with acute and chronic diseases.

The LifeQ solution is designed to be embedded in the insurance so that it is also accessible to not only healthy people, but also those suffering from chronic disease or those with limited financial resources.

Another successful partnership was with Fortiro, resulting in the integration of their advanced fraud detection technology, "Protect". In a proof of concept in Australia, the technology confirmed three instances of fraud and potential alterations for three additional claims. Fortiro's fraud detection technology is now implemented across the Australian life insurance portfolio, showcasing scalability and efficiencies in other markets and across the entire insurance value chain. This recognition is underscored by the "Protection Review Global Development Award 2023", validating Fortiro's positive impact within the life insurance industry.

Services

We offer our customers a wide range of services that can simplify the underwriting process. The so-called electronic health record (EHR), which has proven helpful, should be mentioned in this connection. 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 the 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 underwritten 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, our claims module has been successfully implemented and automates the claims process in this business too. With "hr | decida", we also have a web-based underwriting tool tailored specially to health insurance that our customers can use to assess health insurance applications. Furthermore, we continuously work to revise and enhance our other services, including our electronic underwriting manual "hr | Ascent" – which gives our customers comprehensive support for individual application assessment. In this way, we are able to map the latest market developments at all times.

With a dedicated team focused on data preparation, analysis and evaluation, we are able to consistently improve our understanding of our customers' sometimes complex problems and respond individually to their needs. This delivers benefits for end customers, too, because analysis of the data enables significantly better customising of the products to fit individual lifestyles.

We continue to help our customers understand the complexity of (re)insurance topics and the associated challenges. For example, our experts give presentations at international specialist events or contribute to international trade publications and podcasts, where they address current issues in areas such as longevity, enhanced annuities, underwriting, intelligent technology trends, closing the protection gap, digital health data and disability. In addition, Hannover Re offers its own seminars worldwide on topics including mental health, genetics, health coaching and disability management as well as a range of pathologies.

ESG in insurance business

3-3

Consideration of ESG criteria in insurance business has implications for sustainable development. At the same time, the inclusion of ESG risks in underwriting practice is a key component. A distinction is made here 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).

Hannover Re is seeking to consistently reduce its exposure to fossil fuels. The goal is to no longer cover any risks connected with the mining of and power generation from power plant and thermal coal by the year 2038 in the entire portfolio of property and casualty reinsurance business.

Back in 2022, our internal positioning for the property and casualty reinsurance sector was approved, setting out this approach in greater detail and addressing further issues (e.g. oil and gas, and also human rights). The position paper applies to both facultative and obligatory business. Complementing the position paper, the facultative division has an ESG manual containing further specifics that touches on additional environmental concerns and specifies exclusions. The ESG manual also includes concrete requirements relating to respect for human rights. In addition, it explicitly excludes transactions with companies that are connected with internationally controversial weapons.

Reinsurance covers for individual risks are written in facultative reinsurance, i.e. the treaties can be allocated to specific projects or policyholders. Since as far back as April 2019, the facultative division has no longer provided reinsurance for any planned new coal-fired power plants or thermal coal mines. Moreover, any new business connected with thermal coal infrastructure has been excluded from February 2020 onwards. Thermal coal infrastructure encompasses mines, coal-fired power plants and facilities as well as port and rail operations that are exclusively dedicated to the coal industry. The facultative division also excludes individual risks that generate more than 30% of their revenues from activities in thermal coal.

In addition, an exit plan was adopted in 2021 for existing facultative business in thermal coal. The phased plan provides for exclusions based on thresholds. As a first step, by 31 December 2025, the facultative division will scale back business with producers of coal for power plants whose annual production from all mines amounts to 100 million tonnes or more, as well as business with operators of coal-fired power plants whose installed total capacity at coal-fired power plants amounts to 25 gigawatts or more. The plan is to progressively reduce these thresholds in subsequent years up until the complete exclusion of all thermal coal risks in 2038. Any expansion of existing capacities in renewal negotiations is already ruled out.



Since mid-2022, the facultative division has no longer taken on any new covers for project policies associated with the exploration and/or development (upstream) of new oil and gas reserves (greenfield) or for project policies that exclusively support the transportation and storage (midstream) of new oil and gas reserves (greenfield). It is already the case that, since 2020, the facultative division has no longer accepted any new individual risks for companies that generate 20% or more of their revenues with oil sands. This also excludes oil sands extraction and processing operations. Oil sands extraction and processing encompass extraction from bituminous sand, refinement into synthetic crude oil, further processing of this synthetic crude into petroleum products and the associated transportation by pipeline or rail. Oil sand risks in the currently existing portfolio will no longer be renewed from 2025 onwards. The facultative division also does not reinsure any new stand-alone oil-fired power plants that were not in operation or under construction by 1 July 2023.

Furthermore, the facultative division no longer accepts any new risks connected with projects for the extraction of oil and gas in Arctic regions – this policy applies to both new and existing projects (greenfield and brownfield). We define “Arctic regions” – in accordance with the procedure followed in our investing activities – as the zone around the Arctic Circle which runs in a circle of latitude 66.34° north of the Equator. This includes the Arctic National Wildlife Refuge (ANWR) in the United States. In addition, no risks are written that are connected with the development of new oil and gas deposits in deep waters below 5,000 feet. In addition, the facultative division does not support projects connected with deep-sea mining since 2023.

The facultative division similarly declines transactions that may entail damage to protected wetlands, protected areas classified as IUCN category 1a/b or UNESCO world cultural heritage sites. In addition, the decision was taken to calculate the facultative division’s greenhouse gas emissions using the PCAF (Partnership for Carbon Accounting Financials) standard. Data collection for this purpose commenced in the reporting period in order to subsequently calculate the greenhouse gas emissions.

In obligatory reinsurance, large-volume portfolios with sometimes heterogeneous risks are accepted. We developed a process in the reporting period in which we engage in a systematic dialogue with our cedants. The goal here is to obtain an overview of their ESG positioning and climate goals as well as their exposure to fossil fuels.

It is already the case now that in obligatory reinsurance we refrain from writing new treaties that are to be used exclusively for coverage of thermal coal risks. The same applies to new treaties that are geared exclusively to the exploration and/or development (upstream) of new oil and gas reserves (greenfield) or that exclusively support the transportation and storage (midstream) of new oil and gas reserves (greenfield).

We offer Web-based training courses on ESG topics for underwriters in property and casualty reinsurance and in life and health reinsurance as well as for other interested employees.

In addition to the inside-out effects described above, ESG issues may also be associated with negative repercussions on a company’s net assets, financial position or results of operations (outside-in perspective). Both mechanisms can have reputational impacts. 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, pollution and breaches of environmental regulations or, indeed, human rights violations 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, at the same time, 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 that 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 is also closely connected with biodiversity. Additional impacts may be on 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, supply chain risks and the disruption of critical infrastructure.

Early detection and the subsequent 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. 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 some 40 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, obesity, socio-economic inequality and the changing geopolitical landscape.

We report on risks connected with climate change as part of our TCFD reporting in the chapter “Transparency”. In addition, we give an extensive account in our opportunity and risk report as part of our Group Annual Report 2023.

ESG in asset management

3-3

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. At the same time, 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. Investors, analysts and customers are similarly taking a growing interest in how sustainability aspects are considered in asset management.

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. At the same time, we attach considerable importance to our sustainability approach incorporating environmental, social and governance aspects (ESG criteria). Since as long ago as 2012, corresponding binding guidelines have been defined in writing in an internal “Responsible Investment Policy”. Their application is ensured by an ESG officer on the investment team.

In 2020, we developed a medium- to long-term climate strategy on the investment side in collaboration with other Group entities. It was approved by Hannover Re’s Executive Board in the spring of 2021. The climate strategy aims, on the one hand, to reduce the carbon intensity of the investments while at the same time supporting carbon reduction measures.

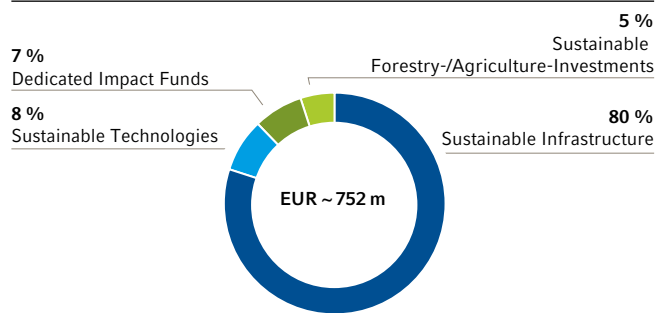
The focus of our climate strategy is on progressive decarbonisation of the liquid asset portfolio. This is done first by reducing the carbon footprint (Scope 1 and 2) of the investments under own management from the areas of corporate bonds, covered bonds and equities by 30% by the year 2025, compared with the base year of 2019. Our decarbonisation efforts are managed using external ratings and scores as well as carbon intensities of issuers, giving us a comprehensive overview of the carbon footprint and sustainability quality of our investment portfolio. We continue to make progress with reducing the carbon footprint. In the medium term, we are looking to measure and reduce the carbon intensity for illiquid asset classes (such as real estate) as well.

The second key pillar involves us stepping up our engagement with various stakeholders. With this in mind, corresponding processes have now become established in portfolio management. We are currently concentrating on direct engagement, primarily by seeking a dialogue with companies that have comparatively high carbon intensities, frequently combined with below-average ESG ratings. In the year under review, the focus was therefore mostly on environmental concerns. The identified issuers are principally from the energy supply (oil and gas) sector, as well as the chemical sector and heavy industry. The dialogue is centred around the transformation to a lower-carbon world as well as the question of how and to what extent business models of affected companies can be aligned with such a transition. Depending on the outcome of our analysis of this dialogue and taking into account individual company- and sector-related factors, we support issuers on the path they have taken or limit/terminate our exposures if measures are inadequate.

Hannover Re is also increasingly adding sustainable investments that first and foremost promote the transformation to a resource-efficient economy to its asset portfolio.

Breakdown of strategies for sustainable investments (fair values as at 31.12.2023; excluding real estate)

S 16



These include, on the one hand, sustainable infrastructure assets, such as in the areas of renewables or clean transportation, as well as investments that explicitly promote transition by accelerating the move away from fossil fuels through infrastructure projects aimed at CO₂ reduction. On the other hand, we are stepping up our emphasis on impact investments by investing in sustainable innovative technologies, e.g. in the areas of circular economy, energy storage and energy saving. Exposures to sustainable forest and agriculture investments are also being expanded. Last but not least, our portfolio of dedicated impact funds continues to grow. We were already invested in 28 of these specially impact-focused funds as at the reference date of 31 December 2023.

Improvements achieved in the portfolio of dedicated impact funds (full fund impact shown in brackets)

S 17



6 k (984 k) jobs created



750 (108 k) female employees



> 3.8 m (279.6 m) individuals supported with (first-time) access to essential services



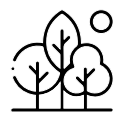
143 k (6.2 m) students learning every day



262 k (28.1 m) tons of carbon dioxide avoided or mitigated



17 k (932 k) tons of waste avoided



15 k (1.8 m) ha of tropical forest and farmland protected from deforestation

The use of negative criteria is another vital element of our sustainability approach. Within our portfolio of assets under own management, all fixed-income securities (government and semi-government bonds, corporate bonds and covered bonds (with the exception of collateralised debt obligations – CDOs)) and listed equities have been subject to such screening processes since 2012. A corresponding check is made in advance of any new investments and continuously for the existing portfolio. Issuers that do not meet our ESG criteria are excluded or actively scaled back. As at the reference date of 31 December 2023, these investment classes accounted for roughly 87% of our asset portfolio. Only a few niche funds or asset classes, such as real estate, private equity or structured investments, cannot be analysed using this system. The ten principles of the UN Global Compact continue to be a decisive criterion 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 the use of forced labour, child labour, discrimination or corruption are also excluded. In the fossil fuels sector, we further expanded and tightened our exclusion criteria. They now apply to issuers who generate 25% or more of their turnover from the mining of or power generation from thermal coal, energy generation from shale oil/gas or oil sands extraction. With respect to the coal criterion, we are also lowering the turnover threshold to 10%. We rule out any new investments in issuers above this level; by no later than the beginning of 2025, we shall also divest ourselves of any relevant investments held in our existing portfolio. We similarly exclude companies that generate 5% or more of their turnover from offshore oil and gas drilling within the Arctic circle (66.34° N) as well as new investments in issuers that generate 25% or more of their turnover from the oil business (upstream or midstream). When it comes to the criterion of “controversial weapons”, we rule out issuers who are involved in the development and proliferation of such weapons. We include here anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium and white phosphorus. Issuers subject to sanctions imposed by the United Nations or the European Union are also excluded.

Along with application of the aforementioned exclusion criteria, our ESG management has increasingly been complemented by best-in-class analyses since 2019. They enable us to monitor the sustainability quality of the existing portfolio on an ongoing basis and are used when specific ESG portfolio measures are to be implemented.

Our climate strategy on the investment side

In 2020, we worked with other Group entities to develop a medium- to long-term climate strategy in our investing activities. It was approved by the Executive Board of Hannover Re in the spring of 2021.

The climate strategy aims, on the one hand, to reduce the carbon intensity in the investment portfolio while at the same time supporting carbon reduction measures. Our strategy is founded on three pillars:

- Decarbonisation of our liquid investment portfolio
 - Intensified efforts to engage with a range of stakeholders
 - Increased investment in sustainable investments that fight climate change and/or support the United Nations Sustainable Development Goals
-

GRI Index

About this report

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With the Sustainability Report on the 2023 financial year, we are publishing annual information on social, environmental and governance topics within the Group for the thirteenth consecutive time. We report with reference to parts of the GRI Standards. The reporting is not subject to external review.

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. In common with the financial reporting, the reporting period is from 1 January to 31 December 2023. Significant developments in 2023 have been included up until the editorial deadline in May 2024. Unless otherwise indicated, the particulars refer to the entire Group. 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 2023, we updated our materiality analysis.

Survey methods and calculation bases for the data

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

We calculate the number of employees by headcount according to the definition of the new European Sustainability Reporting Standards (ESRS).

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.

In the year under review, we expanded the degree of coverage of the reported environmental key indicators to 99%. The data for our international locations is provided directly by the respective location.

We calculate our greenhouse gas emissions in collaboration with a service provider.

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

GRI content index

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The GRI content index used by Hannover Re follows the template of the GRI Universal Standard 2021

Explanation of use	Hannover Rück SE has reported on the information specified in this GRI index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI 2: General Disclosures 2021 (excludes disclosures not fulfilled at a level below 50%)

Disclosure		Page(s)	UNGC Principle	PSI
The organization and its reporting practices				
2-3	Reporting period, frequency and contact point	66, 69		
Activities and workers				
2-7	Employees	36–38		
Governance				
2-9	Governance structure and composition	21–22, 27–28		
2-10	Nomination and selection of the highest governance body	21–22		
2-11	Chair of the highest governance body	21–22		
2-14	Role of the highest governance body in sustainability reporting	8–9		
2-20	Process to determine remuneration	21–22		
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	8–9		
2-28	Membership associations	25–26		
Stakeholder engagement				
2-30	Collective bargaining agreements	42		

Material topics

Standard	Disclosure	Page(s)	UNGC Principle	PSI
Material topics				
GRI 3: Material topics 2021	3-1: Process to determine material topics	9–11		
	3-2: List of material topics	9–11		
Material topics: Good Governance			6, 10	1
GRI 3: Material Topics 2021	3-3: Management of material topics	20		
GRI 405: Diversity and equal opportunity 2016	405-1: Diversity of governance bodies and employees	47–49		
Material topics: Compliance			1–6, 10	
GRI 3: Material Topics 2021	3-3: Management of material topics	12–14		
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	15–17		

Material topics

Standard	Disclosure	Page(s)	UNGC Principle	PSI
Material topics: Risk management				
GRI 3: Material Topics 2021	3-3: Management of material topics	12		
Own disclosure	Own disclosure Integration of ESG risks in risk management	12		
Material topics: ESG in insurance business				
GRI 3: Material Topics 2021	3-3: Management of material topics	61–63	7	1–2
Material topics: Sustainable Protection				
GRI 3: Material Topics 2021	3-3: Management of material topics	52–60	7–9	1–3
Material topics: ESG in asset management				
GRI 3: Material Topics 2021	3-3: Management of material topics	63–65	1–10	1–3
Material topics: Climate change				
GRI 3: Material Topics 2021	3-3: Management of material topics	26–33	7, 9	1, 4
Material topics: Employee health				
GRI 3: Material Topics 2021	3-3: Management of material topics	45–46	1–2	
GRI 403: Occupational Health and Safety 2016	403-1: Workers representation in formal joint management-worker health and safety committees	45–46		
Material topics: Attractiveness as employer				
GRI 3: Material Topics 2021	3-3: Management of material topics	40–43	1–6	
Material topics: Learning and development				
GRI 3: Material Topics 2021	3-3: Management of material topics	44		
GRI 404: Training and Education 2016	404-2: Programs for upgrading employee skills and transition assistance programs	44		
Material topics: Diversity and equal opportunities				
GRI 3: Material Topics 2021	3-3: Management of material topics	47–49	1–6	
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	47–49		
Material topics: Human rights				
GRI 3: Material Topics 2021	3-3: Management of material topics	23–24	1–6, 10	

Further topic specific disclosures 2016

Disclosure		Page(s)	UNGC Principle	PSI
401-3	Parental leave	48	6	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	45–46	1–2	
403-4	Health and safety topics covered in formal agreements with trade unions	45–46	1–2	
406-1	Incidents of discrimination and corrective actions taken	47–49	1–2, 6	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	15–17	1–2	

Contacts

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Credits

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Published by

Hannover Rück SE

Karl-Wiechert-Allee 50
30625 Hannover
Tel. +49 511 5604-0

Published in June 2024

