

**somewhat  
different**

# Sustainability Report 2022

hannover **re**<sup>®</sup>



# About us



Hannover Re, with gross premium of more than EUR 33 billion, is the third-largest reinsurer in the world.

We transact all lines of property & casualty and life & health reinsurance and are present on all continents with more than 3,500 staff. Established in 1966, the Hannover Re Group today has a network of more than 170 subsidiaries, branches and representative offices worldwide. The German business of the Hannover Re Group is transacted by our subsidiary E+S Rück.

Rating agencies have awarded both Hannover Re and E+S Rück very good financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".



## Contents

<b>Foreword from the Executive Board</b>	<b>4</b>
<b>Foundations</b>	<b>6</b>
<b>Transparency</b>	<b>28</b>
<b>Employees</b>	<b>46</b>
<b>Core business</b>	<b>68</b>
<b>GRI Index</b>	<b>85</b>
<b>Contacts</b>	<b>89</b>



Jean-Jacques Henchoz,  
Chairman of the Executive Board

## Foreword from the Executive Board

2-22, UNGC

Ladies and gentlemen,

Hannover Re can look back on some successful months. As Chief Executive Officer, not only am I pleased with this performance, it also fills me with a sense of pride. This is because – despite the clearly improved business development – the market and our business remain highly complex and demanding. In the year under review, we once again found ourselves faced with numerous geopolitical and socio-political challenges. Not only that, climate change and an unmistakable increase in the frequency and severity of natural disasters and other large losses have implications for our business and our systems of risk management. Yet these challenges also go hand-in-hand with opportunities for the reinsurance protection that we offer as we ensure that such risks can be evaluated, avoided and protected against. On behalf of the entire Executive Board, I would like to express my thanks to all our employees their outstanding efforts and contribution to our company's success.

In the year under review we began to elaborate our new sustainability strategy 2024–2026. I consider dialogue to be one of the key elements in support of a sustainable transformation. We have already entered into this dialogue with our business partners and intend to actively shape it going forward. I am eagerly anticipating these conversations and would like to see us focus on the opportunities available to the insurance industry for expanding the positive impacts of our business and creating value added. Particularly with an eye to regulatory requirements, it is also important to generate awareness around practical realisation and to involve all relevant stakeholders in this process. We continuously support the Ten Principles of the United Nations Global Compact in which we have been a participant since 2020.

In 2022 we also reconfigured our social engagement in Hannover. In this context we widened the scope of the Hannover Re Foundation's mission by adding the theme of sustainability, while at the same time realigning and substantially expanding the work of the foundation under the motto "Give back to the future!". We have since selected the first funding commitments with a focus on measures for adaptation to climate change. In our initial focus project we are joining forces with the Falling Walls Foundation to bring together up-and-coming experts and students from all around the world in a summer school. Together, they will work on solutions and approaches that can be pursued for technical, social and entrepreneurial projects to combat the increasing global shortage of drinking water resources – a topic that calls for undivided attention on the global level and which we wholeheartedly support.

I warmly invite you to take a deeper dive into our report and hope you will find it makes for stimulating and thought-provoking reading.

With kind regards,

Yours,

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

Jean-Jacques Henchoz  
Chairman of the Executive Board





# Foundations





# Foundations

## Company portrait

### About us

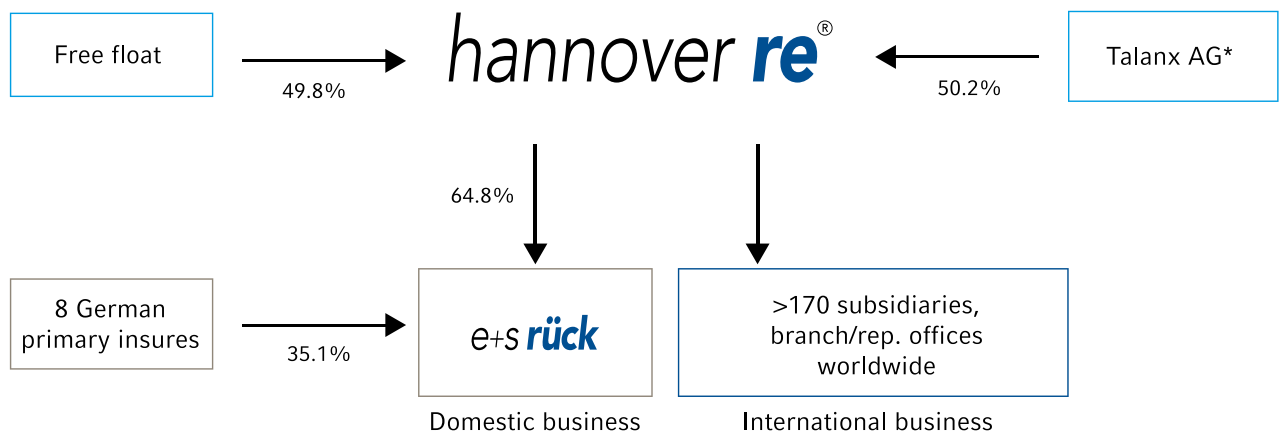
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Hannover Rück SE is a European company, Societas Europaea (SE), based in Hannover, Germany. With gross premium of more than EUR 33 billion, it is the third-largest reinsurer in the world. Established in 1966, the Hannover Re Group today encompasses numerous subsidiaries, branches

and representative offices worldwide. Based on our global network, we offer our business partners and primary insurance clients around the world traditional, individually tailored and innovative reinsurance solutions and we open up new business opportunities. We transact all lines of property & casualty and life & health reinsurance. Our subsidiary E+S Rückversicherung AG (E+S Rück), as the dedicated “Reinsurer for Germany”, additionally offers a range of products and services focused on the specific features of the German market. Hannover Rück SE is listed in the Prime Standard of the German stock exchange.

### Group structure

S 01



\* Majority shareholder HDI V.a.G.

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

Hannover Re operates at multiple locations worldwide. For a detailed list please refer to our Group Annual Report 2022.



## Value chain

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The chart below sets out in simplified form the key elements of the Hannover Re Group's value chain.

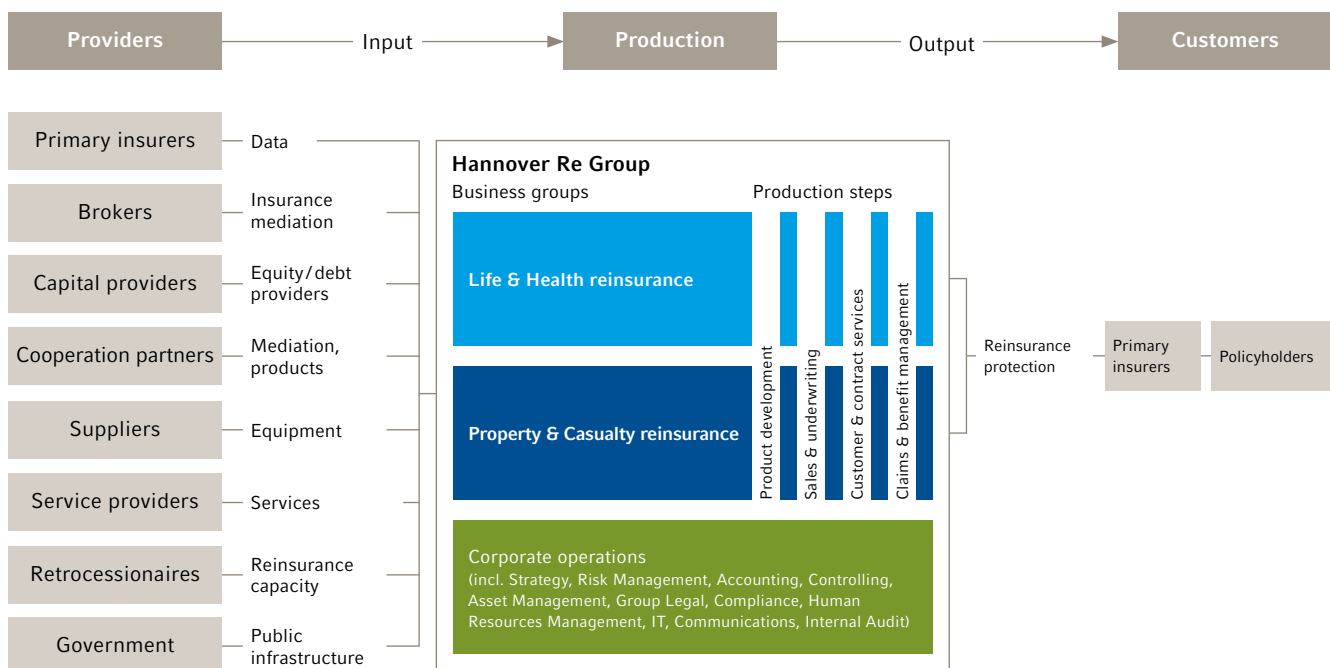
In the interests of transparency we have concentrated on the operational reinsurance business. In general terms, though, the Hannover Re Group offers a range of additional services above and beyond this.

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

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

### Value chain of the Hannover Re Group

S 02





## Business performance

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For years now, global reinsurance markets have been intensely competitive and impacted by increasing losses from natural catastrophes. At the same time, climate change, Russia's war of aggression on Ukraine, global macroeconomic developments and the Covid-19 pandemic – which has still not been fully overcome – presented insurers and reinsurers alike with major challenges in 2022.

Particularly noteworthy among the current challenges is the meteoric surge in inflation rates around the world. Combined with an increase in large losses attributable at least in part to climate change, this has led to a sharp rise in expenditure for insurers and reinsurers.

In an effort to fight inflation, central banks are responding with, in some cases appreciable, interest rate hikes. These will, however, only be favourably reflected in investment income after a time lag.

Despite these challenges, Hannover Re successfully underscored the resilience of its business model as a globally diversified and robustly capitalised reinsurer in the 2022 financial year. Overall, business developed in line with our expectations.

Gross written premium in our Property & Casualty reinsurance business group grew by 17.9% adjusted for exchange rate effects. However, expenditure from large losses – at EUR 1.7 billion – exceeded our budgeted expectation of EUR 1.4 billion. Reflecting the burden of large losses and claims connected with the Covid-19 pandemic as well as lagging expenditure from prior-year losses, the combined ratio in property and casualty reinsurance climbed to 99.8% (previous year: 97.7%). In view of the challenging market environment described at the outset, the sustained improvement in prices and conditions for reinsurance protection continued. This similarly led to a further rise in the cost of retrocession covers that we take out to protect our own account.

Thanks to its comparatively low administrative expenses and cost of capital as well as its above-average financial strength, Hannover Re has been and remains able to successfully assert itself in the market. Based on our positioning as one of the largest and most robustly capitalised reinsurers in the world, we enjoy sustained very good access to profitable business. The operating profit (EBIT) in Property & Casualty reinsurance fell by 10.6% to EUR 1,352.1 million (EUR 1,512.3 million).

Gross written premium in our Life & Health reinsurance business group increased by 1.0 % adjusted for exchange rate effects. At the same time, the strong demand for reinsurance covers – such as in the area of financial solutions and for protection against longevity risks – was sustained. Pandemic-related losses, on the other hand, were sharply lower. The operating result (EBIT) in Life & Health reinsurance improved substantially to EUR 736.9 million (EUR 223.3 million) and thus played an important part overall in the total result for the financial year.

Investment income from assets under own management grew by 8.9 % to EUR 1,824.6 million (EUR 1,674.8 million) and was similarly a significant factor in the overall year-end result. Positive effects derived from, among other things, high income booked from inflation-linked bonds, disposal of the equity portfolio and the contribution of private equity investments to a joint venture. The return on investment came to 3.2 % and thus very clearly outperformed our targeted level of more than 2.5 %, which had been revised upwards.

The Group gross written premium increased by 19.9 % as at 31 December 2022 to EUR 33.3 billion (EUR 27.8 billion). Growth would have reached 12.7 % at constant exchange rates. The operating profit (EBIT) grew by 20.3 % to EUR 2,087.4 million (EUR 1,734.8 million). The profit generated by the Group rose by 14.2 % to EUR 1,406.7 million (EUR 1,231.3 million). We thus achieved our expectation of Group net income in the range of EUR 1.4 billion to EUR 1.5 billion.

Measured by a capital adequacy ratio, which remained comfortably above the threshold levels, Hannover Re's capital position continued to be very solid. The equity attributable to shareholders of Hannover Re contracted as at 31 December 2022 to EUR 8.1 billion (EUR 11.9 billion). The decline was driven by the rise in the interest rate level, which significantly reduced the prices of fixed-income securities in the investment portfolio. Reflecting the increased profit and lower shareholders' equity, the return on equity rose to 14.1 % (10.8 %).

The Annual General Meeting resolved on 3 May 2023 to distribute a dividend of EUR 5.00 per share plus a special dividend of EUR 1.00 per share for the 2022 financial year.

The market capitalisation of the Group at the end of the financial year amounted to EUR 22.4 billion and was thus 11.0 % higher than the previous year's figure of EUR 20.2 billion.

Hannover Re employed 3,519 members of staff (3,346) Group-wide at the reference date of 31 December 2022.

For further information we would refer to our Group Annual Report 2022.

## Key financial indicators

S 03

in EUR million	2022	+/- previous year	2021	2020 <sup>1</sup>	2019	2018
<b>Results</b>						
Gross written premium	33,275.5	+19.9 %	27,762.3	24,770.3	22,597.6	19,176.4
Net premium earned	29,672.7	+22.9 %	24,143.7	21,360.8	19,729.7	17,289.1
Net underwriting result <sup>2</sup>	-124.5		-211.1	-691.0	-9.7	156.9
Net investment income	2,060.9	+6.1 %	1,943.0	1,685.5	1,757.1	1,530.0
Operating profit (EBIT)	2,087.4	+20.3 %	1,734.8	1,214.1	1,853.2	1,596.6
Group net income	1,406.7	+14.2 %	1,231.3	883.1	1,284.2	1,059.5
<b>Balance sheet</b>						
Policyholders' surplus	12,474.0	-20.7 %	15,733.6	14,071.0	13,588.9	11,035.1
Equity attributable to shareholders of Hannover Rück SE	8,091.0	-31.9 %	11,885.0	10,995.0	10,528.0	8,776.8
Non-controlling interests	656.7	-24.6 %	871.2	844.4	826.5	765.2
Hybrid capital	3,726.3	+25.2 %	2,977.4	2,231.6	2,234.4	1,493.1
Investments (excl. funds withheld by ceding companies)	56,939.5	+1.3 %	56,213.2	49,001.6	47,629.4	42,197.3
Total assets	86,952.4	+4.9 %	82,902.3	71,437.5	71,356.4	64,508.6
<b>Ratios</b>						
Combined ratio (property and casualty reinsurance) <sup>2</sup>	99.8 %		97.7 %	101.6 %	98.2 %	96.5 %
Large losses as percentage of net premium earned (property and casualty reinsurance) <sup>3</sup>	7.9 %		7.5 %	11.2 %	7.5 %	7.9 %
Retention	90.0 %		89.5 %	90.1 %	90.0 %	90.7 %
Return on investment (excl. funds withheld by ceding companies)	3.2 %		3.2 %	3.0 %	3.5 %	3.2 %
EBIT margin <sup>4</sup>	7.0 %		7.2 %	5.7 %	9.4 %	9.2 %
Return on equity (after tax)	14.1 %		10.8 %	8.2 %	13.3 %	12.2 %

<sup>1</sup> Restated pursuant to IAS 8<sup>2</sup> Including expenses on funds withheld and contract deposits<sup>3</sup> Hannover Re Group's net share for natural catastrophes and other major losses in excess of EUR 10 million gross as a percentage of net premium earned<sup>4</sup> Operating result (EBIT)/net premium earned



# Strategy and sustainability

## Group strategy 2021–2023

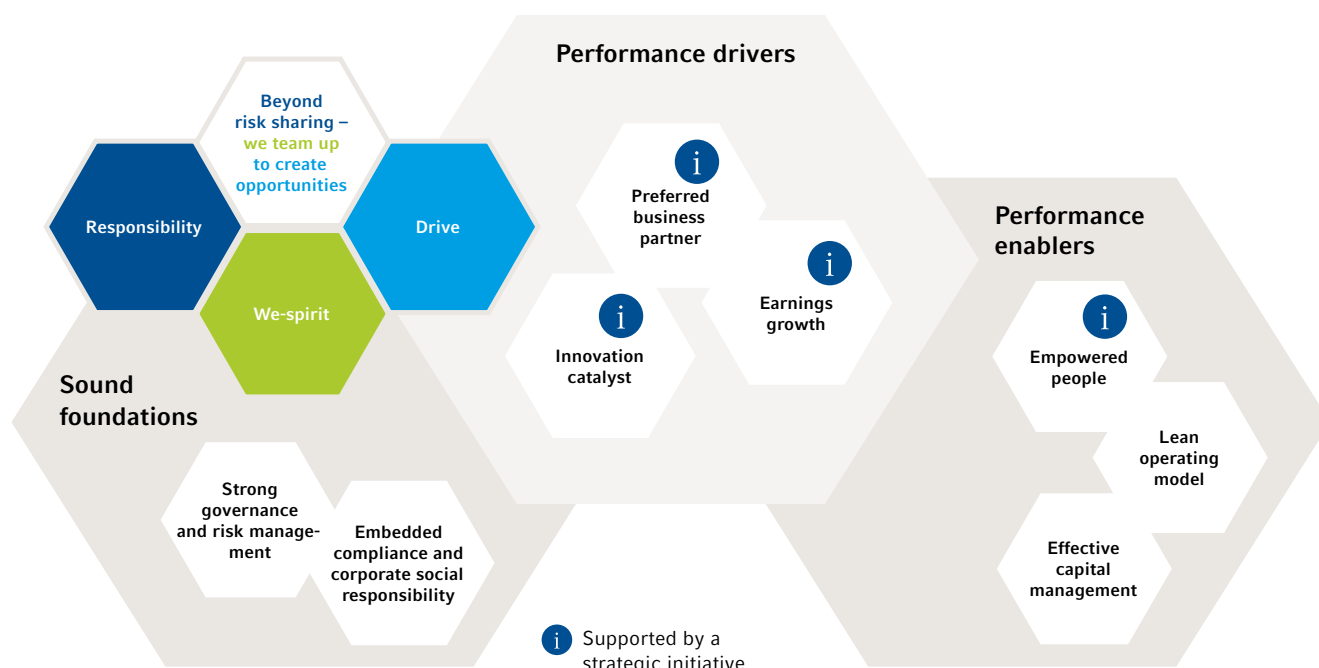
The current Group strategy of Hannover Re was drawn up in 2020 and is applicable for the 2021–2023 strategy cycle.

In our “Striving for sustainable outperformance” vision, strong governance, risk management, integrated compliance

and corporate social responsibility constitute the foundations for our growth as a reliable global reinsurance partner. Three performance drivers – preferred business partner, innovation catalyst, earnings growth – are based on proven strengths and address the global trends affecting the insurance and reinsurance industry. Three performance enablers – empowered people, a lean operating model and effective capital management – have proven essential over the last decade for outperforming the industry average in terms of the return on equity.

### Group strategy 2021–2023

S 04



We have launched four strategic initiatives – Client Excellence, Innovation & Digitalisation, Growth in the Asia-Pacific Region and Talent Management – that we consider especially crucial, and on which we have been working since the strategy cycle began in 2021 and will continue to work going forward. These four strategic initiatives form the cornerstone of the strategic programme, which altogether encompasses 25 programme items and directly supports the Group strategy.

Major enterprise projects (known as value streams) and joint strategy contributions spanning multiple departments are similarly elements of this programme. “Corporate social responsibility” is one of these joint strategy contributions that we are continuing to refine in the current strategy cycle. Related topics are specified more closely in our sustainability strategy 2021–2023.

The strategic programme is backed and monitored by the Group Strategy & Sustainability department, with progress reported to the Executive Board quarterly (reporting on strategic initiatives) and half-yearly (reporting on value streams, joint strategy contributions).

For additional information on our Group strategy we would refer to our website. For further information on our value-based management please see the combined Group management report from page 17 onwards.

In the 2022 reporting year, we began work on the Group and sustainability strategy for the 2024–2026 strategy cycle.

## Corporate social responsibility

2-14

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

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

In the spring of 2022, sustainability management was transferred for organisational purposes from Corporate Communications to a stand-alone organisational unit in the department "Group Strategy & Sustainability", partly in response to its increasing strategic importance. Group Strategy & Sustainability has a direct reporting line to the Chief Executive Officer (CEO) and Chief Operating Officer (COO). For further information on the management structure of Hannover Rück SE we would refer to the Group management report.

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

The Sustainability Function is assigned to the Group Strategy & Sustainability department 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, for example the implementation of the EU Taxonomy or requirements arising out of the Corporate Sustainability

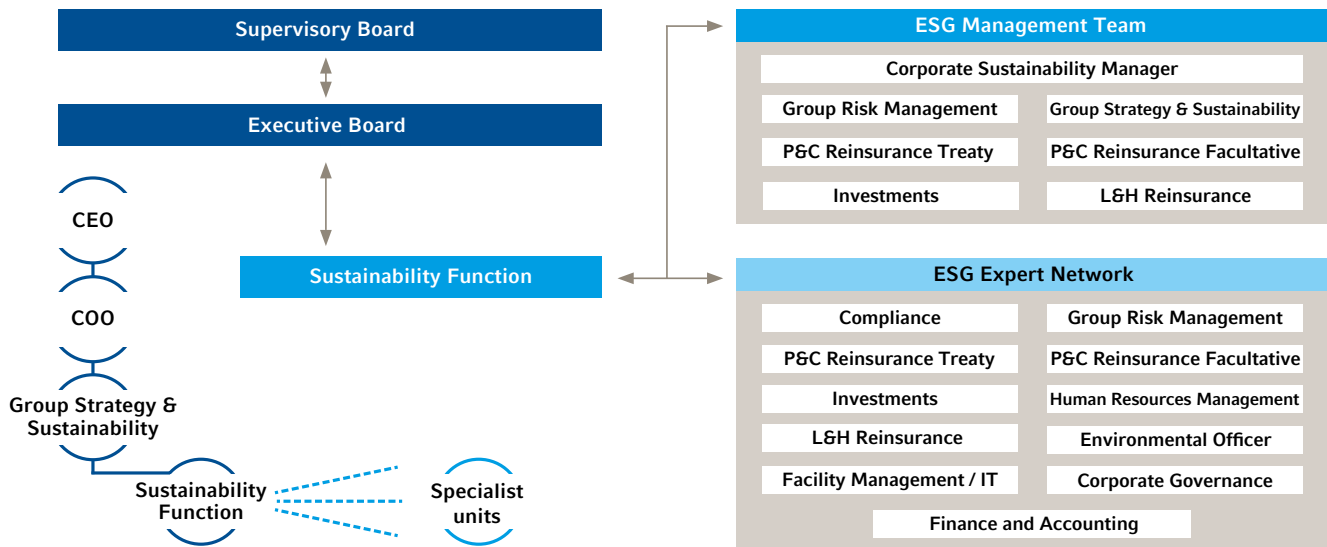
Reporting Directive (CSRD), advising the specialist departments on ESG matters, submitting proposals for long-term ESG goals to the Executive Board, providing regular reporting to the Executive Board and coordinating an annual ESG programme. The Corporate Sustainability Manager leads the ESG Management 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, Property & Casualty Reinsurance, Life & Health reinsurance and Investments. 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 numerous 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 Audit unit carries out process-independent monitoring throughout the Group on behalf of the Executive Board.

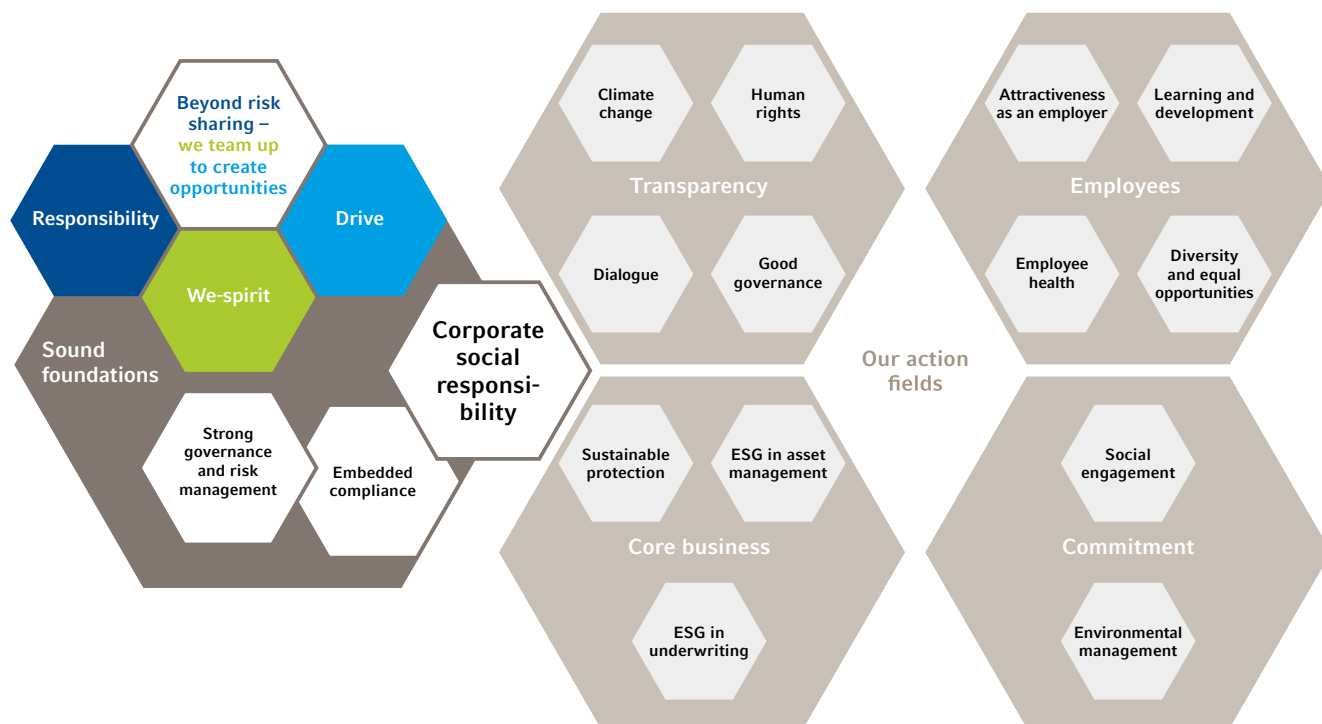


## Sustainability strategy

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For us, sustainability means a commitment to responsible and transparent corporate governance geared to lasting success. With this in mind, in 2011 we drew up a sustainability strategy for the first time. We specify here in more concrete detail the higher-order corporate strategy of the Group with an eye to sustainability considerations and commit explicitly to our strategic objective of sustainable value creation. The sustainability strategy is also one of 25 joint strategy contributions to the Group strategy. Just like the Group strategy, Hannover

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



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

For the strategy cycle 2021–2023, the existing material topics were reviewed and updated as part of an enterprise-wide process and the four strategic action fields were revised. 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 wellness as well as diversity and equal opportunities. In our action field “core business” we define, firstly, measures that support the transformation towards a sustainable world and, secondly, measures that minimise our environmental impacts. The action field “commitment” covers topics that were not identified as material in the context of the materiality analysis but are nevertheless of considerable importance to us.

Goals were defined for all action fields; these are regularly tracked and presented to the Executive Board.

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



## Materiality analysis

3-1, 3-2

Hannover Re regularly conducts materiality analyses in order to identify material ESG issues.

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

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

Extensive interviews were conducted with the external experts (stakeholder group: asset managers, ESG analysts, representatives of non-governmental organisations, representatives of the trade press as well as representatives of foundations and associations). All topics that received an average score of at least 3.75 were marked as material. Four workshops were held with the internal experts (stakeholder group: employees) from various market and service units to score the topics on the list. In this case, too, the materiality threshold was set at 3.75. Some topics were clustered in the workshops.

The topics were transferred to a materiality matrix as averaged values from the internal and external scores. In this context, those topics that fell below the threshold after averaging also continue to be material. We consciously decided to take a very wide approach in order to adequately reflect both dimensions and perspectives. In 2020, 13 material sustainability topics were identified that also constitute the basis of the present report.

The materiality analysis was validated by the Executive Board in the year under review. Covid-19 was eliminated as a supplementary material topic in the context of validation.

### Material topics and their boundaries

S 07

Material topic	Impact boundaries within the Group	Impact boundaries outside the Group
Compliance	Entire Group	Clients, business partners, capital market players, society
Risk management	Especially risk management, entire Group	Clients, business partners, capital market players
Climate change	Entire Group	Clients, business partners, capital market players, NGOs, society
Human rights	Employees	Especially rights holders, capital market players, NGOs, society
Responsible corporate governance	Entire Group	Clients, business partners, capital market players, society
Dialogue	Entire Group	All stakeholders

Sustainable protection	Business units and risk management	Clients, business partners, capital market players, society
ESG in insurance business	Business units and risk management	Clients, business partners, capital market players, NGOs, society
ESG in asset management	Investments and risk management	Clients, business partners, capital market players, NGOs, society
Attractiveness as an employer	Especially employees and human resources management, entire Group	(Potential) applicants
Learning and development	Especially employees and human resources management, entire Group	(Potential) applicants
Employee health and wellness	Especially employees and human resources management, entire Group	(Potential) applicants, society
Diversity and equal opportunities	Especially employees and human resources management, entire Group	(Potential) applicants, society

## Selected goals and measures of the strategy cycle 2021–2023

### Transparency



S 08

Goal	Target indicator by 2023	Status as at 31 December 2022
<b>Climate change</b>		
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	Cross-cutting goal, ongoing
<b>Human rights</b>		
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	Cross-cutting goal, ongoing
<b>Dialogue</b>		
Raising the level of transparency in relation to ESG issues	Integration of additional, ESG-relevant report content by 2023	Achieved
Positioning as a sustainable investment on the capital market	Listing in at least two sustainable index families	Achieved
<b>Good governance</b>		
Ensuring that the organisation is compliant	Average compliance score corresponding at a minimum to the targeted maturity level	Ongoing

## Core business



S 09

Goal	Target indicator by 2023	Status as at 31 December 2022
<b>Sustainable protection</b>		
Further expanding insurance protection for emerging and developing countries in relation to extreme weather events and natural disasters in the Property & Casualty sector	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
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	Ongoing, on target
Advancing a global energy transition through the reinsurance of renewable energy sources	Increase of 60 % in the facultative premium volume for renewable energies	Increase not achieved on the planned scale, goal will probably not be achieved
Expanding insurance protection for previously inadequately insured population groups in the Life & Health sector	Premium growth in developing and emerging countries	On target
Supporting our primary insurance partners with the (further) development of sustainable insurance solutions in the Life & Health sector	Expanded reinsurance of longevity risks, especially outside the United Kingdom	On target
<b>ESG in reinsurance business</b>		
Integrating ESG criteria into the underwriting policy for the facultative reinsurance department	Approval and adoption of an internal framework	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
Reducing the CO <sub>2</sub> load in connection with coal-fired power plants or mines for thermal coal in obligatory insurance portfolios	Phased withdrawal according to step-by-step plan – completion of the evaluation phase and beginning of the implementation phase; complete withdrawal by 2038	On target
<b>ESG in asset management</b>		
Reducing the CO <sub>2</sub> load in the asset portfolio	Tighter goal set: reduction of 30 % in the carbon footprint (corporate bonds, covered bonds, equities) by 2025 (base year 2019)	On target
Excluding issuers that violate ESG principles	Screening of the defined portfolio, regularly	Ongoing before inclusion in the portfolio and half-yearly
Expanding investments that support the sustainable transformation	Measurable expansion by 2023	On target
Signing the Principles for Responsible Investment	Signature	Achieved



## Employees

S 10



Goal	Target indicator by 2023	Status as at 31 December 2022
<b>Attractiveness as an employer</b>		
Recruiting, identifying, developing and retaining performance-driven employees according to requirements	Conceptual design and further refinement of powerful branding and recruitment systems	On target
Cultivating and developing global mobility	Adoption of a Global Assignment Policy (GAP)	Achieved
<b>Learning and development</b>		
Supporting the lifelong learning of employees around the world	Alignment of our (ongoing) training activities with the values and core competencies of Hannover Re and expanded reporting through the worldwide programme of continuing training	On target
Identifying and fostering high potentials and assuring successors for key positions	Optimisation of Group-wide talent reviews with a focus on development planning	Achieved
<b>Employee health and wellness</b>		
Promoting the health and performance of employees around the world	Expansion of programmes to promote health and wellness by at least 10 %	Under observation
<b>Diversity and equal opportunities</b>		
Increasing diversity on all managerial levels, especially in relation to women	Gender-neutral new appointments/replacements (50/50) for all vacant leadership positions on all managerial levels worldwide	Achieved
Enhancing equal opportunities through measures to support the compatibility of career and family	Worldwide programme of mobile working	Achieved

## Commitment

S 11



Goal	Target indicator by 2023	Status as at 31 December 2022
<b>Environmental management</b>		
Reducing greenhouse gas emissions at the Hannover location	Reduction of greenhouse gas emissions at the Hannover location by 25 % per employee (base year 2019)	Valid evaluation of the figures not possible due to the pandemic
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.	Achieved
<b>Social commitment</b>		
Expanding corporate citizenship	Increase of 20 % in the existing budget by 2023	Achieved

## Risk management

3-3

In the course of its operations as a reinsurance company, Hannover Re knowingly enters into many different risks. It is equipped with an adequate and effective risk management system for ongoing monitoring of these and other risks. Risk management was identified as a material topic in our materiality analysis.

In the context of its risk management system, 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 reputation risks are managed under the risk category "Other risks" at Hannover Re and can impact the majority of all other risk categories. These include, in particular, underwriting risks (property & casualty and life & health reinsurance), market risks, counterparty default risks, operational risks and other risks.

Since 2021 we have a policy in place governing the management of sustainability and reputation risks that applies Group-wide.

For further information we would refer to the "Opportunity and risk report" in the Group's Annual Report.

## Compliance

3-3

Hannover Re pursues 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 enhanced 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 establish the basis for the trust placed in a company by its employees, business partners, investors, shareholders and the broader public, and hence also form the foundation for its success and competitiveness over the long term.

For Hannover Re, it is fundamental and a matter of course that it respects and complies with relevant laws and regulatory requirements for its business activities in all the countries it operates. 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.



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### Code of Conduct

Hannover Re has adopted 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 duly noted by the 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.

The Code of Conduct is guided by the motto “Connected – outside, inside, all-around”. It clarifies Hannover Re’s self-image as a company both externally in interactions with business partners and clients (“outside – we care for our partners”) and internally in dealings with one another (“inside – we care for one another”) as well as in relation to the role it plays in society and the environment (“all-around – we care for the 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 offences 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 Hannover Re shares.

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## Compliance management system

3-3

Compliance encompasses not only compliance with statutory and regulatory requirements (legal compliance) but also 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. This 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 officers and a worldwide network of local compliance officers and compliance contact persons. 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 units as well as from the areas of 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 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. In the 2022 reporting year, in-person training sessions were held for

altogether 122 new employees at Hannover Head Office alone. A new compliance training cycle was also launched for all staff in conjunction with implementation of the new Code of Conduct. It is envisaged that all employees will undergo compliance training in the Code of Conduct in a rotating cycle of three years. 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 the 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, by e-mail or using chat functionality) or, if so desired, anonymously through an online speak-up system. 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. In addition, our employees throughout the Group can seek advice on compliance matters by writing to an e-mail address linked to the Compliance unit within Group Legal Services. Any tips received as well as the measures taken in response are included in the annual compliance report.

For further information we would refer to the “Opportunity and risk report” in the combined Group management report.

## 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 in order to assert our own legitimate interests or those of third parties. In particular, this may be necessary in order to safeguard IT security and IT operations and to meet official requirements. Our internal processes reflect the principles of “privacy by design” and “privacy by default” as well as in general the underlying protection principles of the General Data Protection Regulation. 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.

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 European Economic Area (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 subject to the existence of other adequate data protection guarantees (for example EU standard contractual clauses) or legally admissible exemptions in the specific case. The subject of third-country

transfers is reviewed by Hannover Re on an ongoing basis and appropriate action is taken as necessary.

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 (for example non-disclosure agreement, commissioned data processing agreement). For certain services (e.g. cloud service providers) a separate screening process is additionally in place in which the involvement of the Data Protection Function is mandatory.

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. In addition to the Code of Conduct, 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 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 is provided in the data privacy statement on Hannover Re's website.

#### Information security

Cyber attacks and the loss of sensitive information can be associated with considerable financial losses and also reputational risks. In our highly networked world it has therefore become increasingly important in recent years to protect information and defend against cyber attacks.

With a view to protecting against these risks, Hannover Re has implemented an information security management system (ISMS) that is closely aligned with international standards – principally ISO 27001 – and harmonised with other management systems such as data protection or outsourcing management. The ISMS successfully ensured in recent years that there were no significant security incidents. The central document is the "Information Security Policy", which is valid for all locations worldwide. Together with specific guidelines and standards, it regulates all technical and organisational measures including 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 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 during the year if necessary. The Risk Committee receives information on a quarterly basis.

The CISO, as the main process owner, is responsible for the planning, implementation and ongoing development of the ISMS as well as for coordinating the corresponding tasks within the Hannover Re Group. He is supported by local contacts and additionally bears responsibility Group-wide for the 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 the relevant guidelines and instructions. To this end, all employees undergo regular training in information security topics as well as awareness-raising during the year, for example through 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 and engage in a regular dialogue with, among others, the Bundesverband der IT-Anwender e.V. in the context of the Cyber Security Competence Center.

We report at length on information security and cyber security in our “Opportunity and risk report” as part of the management report in the context of our Group Annual Report 2022 from page 100 onwards.

### Sanctions

Observance of applicable sanctions regulations is vitally important for Hannover Re on account of its international orientation and worldwide activities. The Code of Conduct and Underwriting Guidelines emphasise the requirement to comply with sanctions provisions relevant to Hannover Re, particularly with an eye to the tighter sanctions and embargo rules imposed on Russia currently and above all in 2022. In addition, a Sanctions Guideline is in place, stipulating when and to what extent members of staff must perform sanctions screening with respect to the initiation of contracts and/or the payment of claims. A software-supported check is made to continuously verify whether the data inventories include names of natural or legal persons who are subject to sanctions and hence with whom Hannover Re may transact no or only limited business. The screening requirements apply as a general rule worldwide, i.e. including at the local offices.

Above and beyond this, each working day the Group Legal Services team checks the Official Journal of the European Union for changes in sanctions law on the EU level and advises the affected departments of relevant changes without delay. In view of the significance of the topic, Hannover Re has implemented a Sanctions Committee composed of representatives of the specialist units, GLS Compliance and the Sanctions Compliance Officer in order to be able to respond in a timely manner to international developments in the sanctions landscape.

The compliance training given to new members of staff includes basic instruction in sanctions law, among other things. Underwriters and claims managers additionally receive targeted sanctions training on an annual basis that explores the particular features of their market departments and work. This sanctions training is similarly offered at the local offices, tailored to the respective local specifics.

### Tax framework

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

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

The tax expenditure of the Hannover Re Group recognised in the financial year according to IFRS accounting was EUR 102.0 million higher year-on-year at EUR 453.6 million (EUR 351.6 million). The increase was largely due to a significantly higher pre-tax profit. This also resulted in a slightly higher effective tax rate of 22.7 % compared with the previous year (21.3 %).

A breakdown of domestic and foreign taxes on income is provided in our Group Annual Report 2022 from page 243 onwards.





A hand holding a magnifying glass is visible on the left side of the image. The background is a soft, out-of-focus bokeh of light and dark spots, suggesting a natural setting like a forest or garden. The word "Transparency" is centered in a blue serif font, with a decorative blue line underneath it.

Transparency



# Transparency

## Good governance

### Responsible enterprise management

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 our 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. Further-

more, 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.

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#### German Corporate Governance Code

As an instrument of self-regulation for German listed companies, the German Corporate Governance Code presents essential 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 required by Section 161 of the Stock Corporation Act (AktG) to provide an annual declaration as to whether or not the recommendations of the Code were and are complied with (comply-or-explain approach). 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 Section 161 of the Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code for recent years are published on our website. For the year under review, the Executive Board and Supervisory Board issued an unqualified Declaration of Conformity. Further details of the ongoing refinement of corporate governance are published in the Supervisory Board report as part of the Annual Report.

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### 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, Corporate Governance Principles and Code of Conduct constitute the basis of our enterprise management.

The fundamental hallmarks are the two-tier governance system with its transparent and effective split into the management of the company (Executive Board) and its oversight (Supervisory Board), the composition of the Supervisory Board with repre-

sentatives of the shareholders and employees as well as the shareholders' rights of co-administration and supervision at the General Meeting. These three bodies – Executive Board, Supervisory Board and General Meeting – make up the company's governance structure. The interaction between them is regulated in German stock corporation law as well as in the company's Articles of Association.

The avoidance of conflicts of interest is facilitated by the control mechanisms stipulated in law and in the Articles of Association that exist between the Executive Board, Supervisory Board and General Meeting. Subject to the divergences disclosed in the context of the Declaration of Conformity, the Supervisory Board also fulfils the requirements of the German Corporate Governance Code regarding the independence of this body.

Currently, the Executive Board consists of seven members and the Supervisory Board of nine members. No changes were made to the composition of the Executive Board or Supervisory Board in the year under review. 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 nominated and 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 2022 financial year. Five women have belonged to the Supervisory Board in 2022.

It remains the case that female members of the Supervisory Board sit on two of the three Supervisory Board committees. One woman chairs 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).

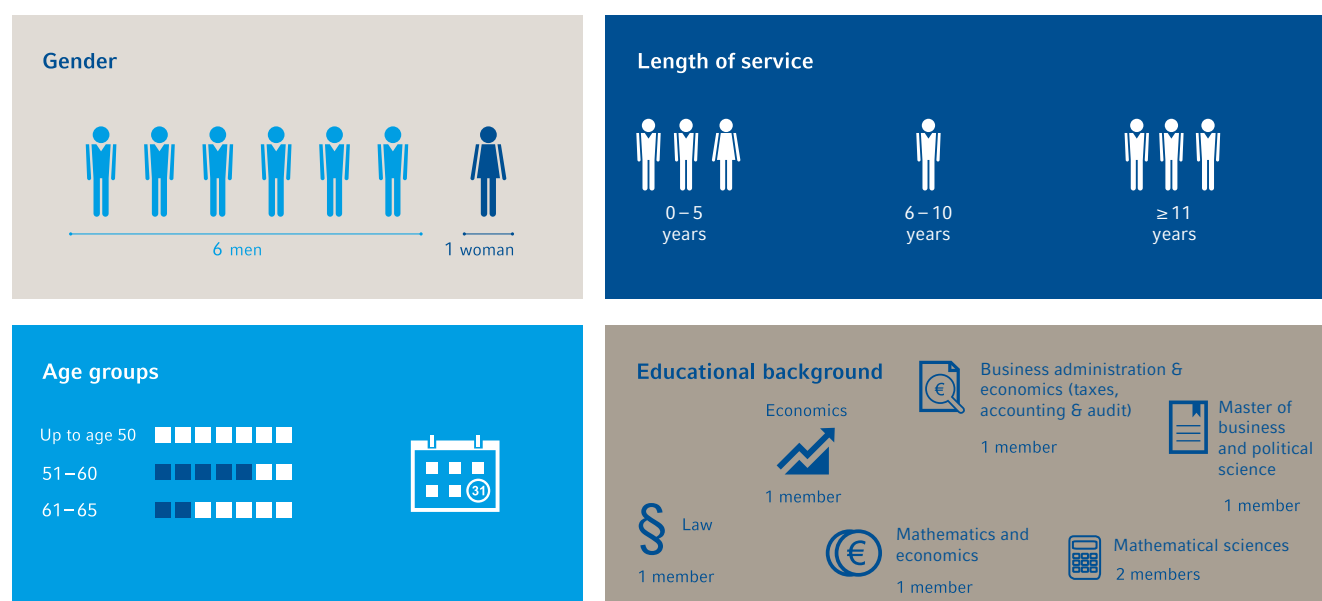
With effect from 1 April 2022, Ms Ursula Lipowsky was appointed to chair the Finance and Audit Committee as an independent member of the Supervisory Board. In addition, the Supervisory Board designated one of its members, Ms Andrea Pollak, as an ESG expert in 2022 and added the subject area of ESG to her competency profile.

The diversity of the Executive Board in terms of female members remained unchanged in 2022. 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. In August 2022, 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 62 in the 2022 financial year. On the Supervisory Board the age range was from 49 to 73.

## Overview of diversity on the Executive Board

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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 (skills matrix). This skills matrix also includes a summary of diversity indica-

tors such as gender, age, length of service, citizenship and educational background. The composition of the Supervisory Board was unchanged in 2022.

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, please also refer 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.

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 2022 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 2022 from page 107 onwards, in particular:

- Corporate governance and Declaration of Conformity see page 107 onwards.
- Working practice of the Executive Board and Supervisory Board see page 109 onwards.
- Working practice of the committees of the Supervisory Board see page 110 onwards as well as page 275 onwards.
- Diversity concept of the Executive Board and Supervisory Board see page 111.
- Remuneration of the Executive Board, Supervisory Board and senior executives below the Executive Board see page 114 onwards.
- Report by the Supervisory Board and its committees see page 273 onwards.
- Changes on the Supervisory Board and Executive Board see page 277.

# Human rights

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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. As a signatory to the United Nations Global Compact (UNGC), we also release an annual progress report on the Ten Principles. In addition, we publish statements regarding the Modern Slavery Act 2015 (United Kingdom) and the Modern Slavery Act 2018 (Australia) on our website.

Work on implementation of the Supply Chain Due Diligence Act (LkSG), which will enter into force in 2023, continued in the year under review. Developments connected with the Corporate Sustainability Due Diligence Directive (CSDDD) are also closely monitored.

## 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 facultative reinsurance business, we write reinsurance contracts for individual risks, i.e. the contracts can be assigned to specific projects or policyholders. Based on our risk analysis, we have identified the greatest risk of potential impacts on human rights in the following particularly exposed areas: large construction projects (including dams, mines and pipelines), the operation of mines as well as companies associated with internationally controversial weapons. To tackle such risks, our facultative department has drawn up an

ESG manual in which the facultative underwriters worldwide have received training. 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. We are in the process of stepping up the dialogue with our clients so as to obtain a more accurate picture of the risks insured under such treaties. In 2022, an internal position paper was approved for the entire property and casualty reinsurance sector addressing, among other things, the issue of human rights. Our P&C underwriters have taken a compulsory training programme in ESG topics (web-based training and supplementary focus training), also covering human rights among other issues.

## Asset management

Hannover Re is an active capital markets investor. The inclusion of ESG criteria for our investments under own management has been regulated 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 data provider. The Ten Principles of the UN Global Compact form the 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 Code of Conduct for Suppliers. Among other things, the Code requires compliance with legal and ethical provisions, respect for human rights including compliance with the core labour standards of the International Labour Organization (ILO), and

compliance with all applicable regulations in the areas of health, safety and environmental protection. When it comes to the observance of human rights, this excludes forced labour, human trafficking, involuntary working and other forms of so-called modern slavery. We do not tolerate any form of bribery, corruption and/or embezzlement and, not least through the Code of Conduct, we demand the same from their 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 would refer to our Code of Conduct for Suppliers and our statement on the UK Modern Slavery Act 2015 as well as our statement on the Modern Slavery Act 2018 (Australia) published on our website.

As far as human rights due diligence is concerned, we see the greatest risk in connection with the procurement of IT hardware. For this reason, we have adopted an IT Procurement Guideline that is valid Group-wide and contains consistent rules governing the purchasing of IT products throughout the organisation. It provides for all bottleneck, leverage and 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 excluded, thereby alerting purchasers accordingly if such vendors are selected and enabling them to refrain from placing an order. Effective from 31 December 2022, 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 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 2022 reporting year, 100 % of FM core suppliers committed to the Code of Conduct for Suppliers. Separate checks are omitted for very minor jobs (such as the supply of specific books and journals, individual tasks performed by tradespeople).

## 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 throughout 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.

## Membership associations

2-28

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 elimination of trade barriers because this is essential for the necessary diversification of risks worldwide. In this context, reference should be made to our membership and CEO-level participation in the Global Reinsurance Forum (GRF) and the Insurance Europe Reinsurance Advisory Board (RAB).



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. Our Chief Risk Officer chaired this body from April 2021 to September 2022. The CRO Forum is dedicated to promoting best practices in risk management and supports the development of risk-based regulatory systems.

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

The following list shows the advocacy groups in which Hannover Re plays a significant role because it chairs or has periodically chaired them or is active in association committees or key working groups as at the end of 2022:

- American Council of Life Insurers ([www.acli.com](http://www.acli.com))
- Association des Professionnels de la Réassurance en France (<https://www.apref.org>)
- Association of Bermuda Insurers and Reinsurers ([www.abir.bm](http://www.abir.bm))
- Association of British Insurers ([www.abi.org.uk](http://www.abi.org.uk))
- Chief Risk Officer Forum ([www.thecroforum.org](http://www.thecroforum.org))
- European Insurance Chief Financial Officer Forum ([www.cfoforum.eu](http://www.cfoforum.eu))
- Financial Services Council (Australia) (<http://www.fsc.org.au>)
- General Insurance Association of Malaysia ([www.piam.org.my](http://www.piam.org.my))

- Gesamtverband der Deutschen Versicherungswirtschaft ([www.gdv.de](http://www.gdv.de))
- Geneva Association ([www.genevaassociation.org](http://www.genevaassociation.org))
- Global Earthquake Model ([www.globalquakemodel.org](http://www.globalquakemodel.org))
- Global Reinsurance Forum ([www.grf.info](http://www.grf.info))
- Insurance Association of China ([www.iachina.cn](http://www.iachina.cn))
- Insurance Development Forum ([www.insdevforum.org](http://www.insdevforum.org))
- Insurance Ireland ([www.insuranceireland.eu](http://www.insuranceireland.eu))
- International Committee for Insurance Medicine ([www.iclam.org](http://www.iclam.org))
- International Credit Insurance & Surety Association ([www.icisa.org](http://www.icisa.org))
- International Insurance Society ([www.internationalinsurance.org](http://www.internationalinsurance.org))
- International Underwriting Association of London ([www.iua.co.uk](http://www.iua.co.uk))
- Life Insurance Association of Malaysia ([www.liam.org.my](http://www.liam.org.my))
- Insurance Europe Reinsurance Advisory Board ([www.insuranceeurope.eu](http://www.insuranceeurope.eu))
- South African Insurance Association ([www.saia.co.za](http://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 causes and effects 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 the melting of glaciers and rise in sea levels, have far-reaching effects on society and business, and cause considerable economic and insured losses. In addition, 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. The goals set out in the Paris Agreement on climate change in 2015, whereby the signatories committed to limit the rise in the global average temperature to well below 2°C and preferably to 1.5°C compared with pre-industrial levels, are a key driver in this regard. Overall, far-reaching impacts on the real economy and on the financial sector are to be anticipated in this regard.

The 1.5°C goal was maintained at the 2022 UN Climate Change Conference in Sharm El Sheikh (Egypt), known as COP27. A non-binding work programme to close the emissions gap to the 1.5°C target by 2030 runs until 2026 with the option to extend until 2030. A final decision reiterated the decision already taken at the 2021 Climate Change Conference in Glasgow (United Kingdom), COP26, to phase out energy generation from coal and abolish inefficient subsidies for fossil fuels. At the same time, low-emission and renewable energy sources are to be expanded.

Climate change and the regulatory measures for tackling its causes and effects are accompanied by a number of implications for Hannover Re's operations, too. 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 (EU 2020/852). The EU Taxonomy is a central element of the EU Action Plan for Financing Sustainable Growth and is intended – as a unified classification system – to foster transparency on sustainability in the financial markets.

## 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.

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

## ESG governance structure

The core elements of the ESG governance structure approved by the Executive Board are the "Sustainability Function", the "ESG Management Team" and a supporting "ESG Expert Network". Content responsibility under ESG governance also extends to aspects associated with climate change.

The ESG governance structure provides for regular reporting to the full Executive Board. ESG topics were additionally addressed in multiple submissions to the Executive Board during the 2022 reporting year. Furthermore, the Supervisory Board was trained on ESG issues in 2022. In addition, the Supervisory Board designated one of its members as an ESG expert in 2022 and added the subject area of ESG to that

member's competency profile. The integration of risk management into both the ESG Management Team and the ESG Expert Network ensures close interlinking of sustainability and climate risks as well as other ESG risks.

For more extensive information on the structure of our sustainability management and the Sustainability Function please see the chapter of this report entitled "Foundations".

Operational environmental management is the responsibility of the Environmental Officer. In common with sustainability and risk management, environmental management similarly falls within the Chief Executive Officer's scope of responsibility.

## 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 and explicitly includes overall accountability for definition of the risk strategy, the risk capital and the specification of limits for large risks that – if exceeded – could have a significant influence on the net assets and financial position. In connection with risks relating to climate change, this includes chronic and acute physical risks such as found in property & casualty and life & health reinsurance, and transition risks such as those affecting investment and litigation risks. The Executive Board additionally bears overall responsibility for operational environmental management.

The Risk Committee, which meets quarterly under the leadership of the Chief Executive Officer, is a vital element of the governance structure. The Chief Executive Officer takes responsibility both for risk management and for the ESG governance structure and is a member of the Risk Committee. 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 on the definition and limitation of material ESG risks, is involved in the New Product Process and supports the Executive Board in the monitoring and steering of risks and risk positions. The Risk Committee reports to the Executive Board on a regular and ad hoc basis as needed.

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

- Reputational and sustainability risks (quarterly reporting)
- Regulatory risks including those with a special bearing on sustainability

- Climate-change-related stress test for the main NatCat scenarios, investments and possible legal disputes on the part of insureds regarding the cause(s) of climate change

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

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

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## 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 connection 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. Complementary process-independent monitoring and quality assurance of risk management is performed by additional external instances (supervisory authorities, independent auditors and rating agencies).

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 2022.

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## Strategy

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It was back in 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 objective of sustainable value crea-

tion. 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.

For more extensive information on our Group strategy and sustainability strategy please see the chapter of this report entitled “Foundations”.

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. Hannover Re has defined eight higher-order principles in the risk strategy:

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

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

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

Climate change and the transformation to a lower-emission economy are accompanied by numerous impacts on economic activities and are focus topics of our risk management (for example Modelling, Aggregation, Regulatory Affairs). Since 2017 we have been exploring the effects of climate change and from 2019 onwards we have recalibrated new or updated atmospheric NatCat models with an eye to the implications of climate change for the specific peril and the affected region. We conduct specially developed Group-wide realistic disaster scenarios (RDS) for climate change and perform regular climate-change-related stress tests for natural catastrophe risks to which we are particularly exposed in our portfolio.

When it comes to risks induced by climate change, our focus is currently on:

- Impacts of physical and transition risks on our property & casualty and life & health reinsurance
- Impacts of physical and transition risks on our investments
- Litigation risks

Interdependencies and interactions may exist between the aforementioned risks.



### Research and precautionary principle

A new working group “Climate Change Stress Test”, made up of participants from Risk Management (Modelling, Aggregation, Regulatory Affairs & Risk Reporting), Group Legal Services and the investments side, began its work in 2021. Its goal is to enhance the measurement options for the various risks resulting from climate change (physical, transition and litigation risks) based on the findings from the 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 second pillar of Solvency II. The ORSA report contains analyses of current and emerging risks that could affect Hannover Re’s financial stability. We use our internal model to calculate the capital requirements from Solvency II in connection with the allocated risk capital. The report further contains information on capital resources, stress tests, scenario analyses and the interplay between risk and capital management.

For the preventative 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 megatrends 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.

ESG risks – just like compliance risks – which in general involve laws and regulations relating to environmental legislation or ESG requirements are a subject for review in every New Products Process (NPP). Our Risk & Capital Management Guideline, which contains fundamental work instructions and definitions regarding climate change and other ESG topics, is valid Group-wide. This risk complex is specified in the Sustainability and Reputational Risk Guideline. The Property & Casualty Executive Committee, the Investment Committee and the Environmental Officer similarly develop and discuss climate-related strategic objectives and operational measures.

For further information we would refer to our “Opportunity and risk report” as part of the management report in our Group Annual Report 2022 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 opportunity management. Hannover Re searches systematically for new business opportunities in order to generate sustainable growth and strengthen the company's profitable development.

With a view to identifying opportunities and successfully translating ideas into business, Hannover Re adopts a number of closely related approaches in order to achieve holistic opportunity and risk management. Key elements in Hannover Re's 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 (for example temperatures, precipitation amounts, number of tropical cyclones etc.) 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 clients 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, demand for agricultural covers is expected to rise around the world. Not only that, protecting agricultural production is of considerable relevance to the development of structurally deprived regions. In our assessment, index-linked microinsurance products offer additional growth potential in emerging markets, not least in view of the fact that the G7 countries have defined agricultural insurance as a tool for fighting poverty. Against this backdrop, we have stepped up our collaborative efforts with government and international organisations to expand agricultural insurance. Through our cooperation with the Insurance Development Fund (IDF), the Munich Climate Insurance Initiative (MCII) and the project "Promoting Resilient Communities" we want to play our part in closing the protection gap.

Here, too, there are protection gaps that we are seeking to close with the aid of microinsurance and microfinance solutions. We work together with a number of cooperation partners that contribute their own specialist know-how to both the conceptual design and the implementation of microinsurance products as well as their administration.

Within the "Sustainable protection" action field, the goals set out by the sustainability strategy 2021 – 2023 therefore include expanding insurance protection for emerging and developing countries in relation to extreme weather events and natural disasters. Associated opportunities are set out in 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 closely 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 our identification, analysis and assessment of risks we consider three time horizons: short-term (0–1 year), medium-term (1–5 years) and long-term (5–30 years). In relation to risks associated with climate change we are guided by the Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and consider an additional period until the year 2100.

The expected time horizon for a material, climate-change-induced effect as well as the response time available to take management actions are 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 considered in 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 (for example extreme weather events, storms, wildfires, drought, floods, landslides) as well as chronic changes (for example 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 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 as at 1 July 2021.
- Adaptation, urbanisation, commodity price inflation, changes in absorption rates as well as mitigation efforts of any type were ignored. This analysis should therefore be considered a stress test approach on an unchanged basis.
- Both scenarios are defined for 2050, but their impacts should occur in the next year (immediate shock).
- 2°C/4°C scenarios define the increase in the global average surface air temperature compared with 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.

With regard to the climate change scenarios for 2°C and 4°C, the affected natural perils scenarios were calculated on the

basis of the aggregate results as at 1 July 2021 after model updates. In the case of what we consider to be the important windstorm scenarios, the findings for the event conditions were generated via event mapping in a second aggregate calculation database.

Similarly relevant risks from floods and wildfires were analysed using a (simplified) top-down approach by applying factors to contract losses.

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. Since 2019 we have also explored the effects of climate change on new, updated or proprietary NatCat models for perils affected by climate change on the basis of the latest scientific insights. 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 because the process in question is already ongoing. A further factor is that scientific projections are normally longer-term (2050 or 2100), whereas we are interested in short-term impacts owing to the typical contract period of one year. Furthermore, we have to deal with opposing effects for various peril characteristics (for example 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 Life & Health business generally have a long-term horizon, the effects of climate change – for example from global warming or pollution – are still subject to uncertainties. Currently, we are devoting particularly close attention to the impacts of extreme heat events as well as – facilitated by changes in climate conditions – a spread of certain diseases such as malaria or dengue fever.



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 various emission pathways and degree scenarios are also drawn on for modelling purposes. The risk is continuously monitored and controlled.

### Investments

Climate-change-related outside-in risks can also affect investments and are increasingly having an influence on various asset (sub-)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, the equipment and technologies used today – such as combustion engines using fossil fuels – can no longer be used. 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 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 four realistic disaster scenarios (RDS). Consideration was given to two direct litigation risks as well as two litigation risks 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 CO<sub>2</sub> 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 would refer to the chapter of this Sustainability Report entitled "Foundations".

## Offsets

Since 2016 Hannover Re has offset all calculated CO<sub>2</sub> emissions for its German location. In addition, since 2018 all CO<sub>2</sub> 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 2022 we expanded the recording of our CO<sub>2</sub> emissions to 96 % of our global workforce. We extrapolated the figures to 100 % and offset them in full.

## CO<sub>2</sub> emissions pursuant to the Greenhouse Gas Protocol

The degree to which the entire workforce is covered in the calculation of the environmental key figures was expanded to 96% in the year under review. The key figures cannot be compared with prior years due to the inclusion of additional emissions contributors as well as Covid-19-related effects. We have therefore dispensed with the presentation of comparable figures.

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in t CO <sub>2</sub>		2022
	Degree of coverage	96 %
Scope 1	Total	510.13
Scope 2	market-based	1,658.18
	location-based	3,000.63
Scope 3	Total	14,500.15
	Business travel <sup>1</sup>	13,488.46
	Plane	13,437.36
	Train, car	51.10
	Paper	5.83
	Water	39.32
	Remote working	642.91
	Cloud computing/Data centre	92.25
	Waste/Recyclables	41.61
	Energy Upstream	189.77

<sup>1</sup> Radiative Forcing Index 2.7 (RFI 2.7)

# Social commitment

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As a corporate group that operates around the world, we are aware of our responsibility to society and committed to living up to it. In this connection, we consider it important to share knowledge with various research institutes and universities. Furthermore, we show cultural, environmental and social engagement by supporting relevant institutions and projects. In so doing, we generate positive effects for society that go beyond our own business operations.

Our activities encompass not only the Hannover location but also our subsidiaries and branches, which engage in their own individual projects in response to social and environmental issues in the respective countries. Through regular donations and the option of corporate volunteering, i.e. releasing employees to engage in non-profit activities, we support social projects worldwide. We contribute our expertise in the field of reinsurance wherever possible.

Donations to political parties and churches or other political and religious organisations are expressly prohibited. Conse-

quently, neither in the period under review nor in prior years have we made contributions to political parties, politicians or organisations associated with them. Compliance with our guidelines is verified by Group Auditing.

Altogether, we supported projects and initiatives with a worldwide donation volume of more than EUR 1.5 million in the year under review.

## Expansion of our Foundation's mandate

Supporting art, culture and music is an important cause for our company, prompting us to set up the Hannover Re Foundation as long ago as 1991. Right from the outset, a major goal of the Foundation was to acquire contemporary works of art and make them available to the Sprengel Museum in Hannover on permanent loan so as to promote Hannover as a centre for art.

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### Tomorrow's Voices

Improving the quality of life for people with autism, profound developmental disorders and other developmental differences: that is the core objective of the aid organisation Tomorrow's Voices in Bermuda. In order to achieve this aim, the organisation offers effective and individual therapeutic treatments for affected children from the age of two onwards and also provides training for supporting caregivers, teachers and parents. Thanks to donations and grants, families only have to cover a small part of the costs of therapy themselves: the children are able to access precisely the medical services that they need. Tomorrow's Voices recently moved into a new location equipped with, among other things, various therapy spaces, a gym, library, kitchen and play area. Our employees took a look around and asked how they could help. They discovered a need for, among other things, several more surveillance cameras, a washing machine, laptops for the therapists as well as a security gate. Our donation of 10,000 USD played a vital part in enabling the purchase of these items.

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### Masterclass Students

The series of exhibitions dedicated to "Masterclass Students" has been held since 2014 as a way of profiling the work of young artists from the Lower Saxony region. In cooperation with Braunschweig University of Art, we display selected works from the graduating class in the foyer of our Hannover head office, enabling staff and visitors alike to engage with this art in intensive contemplation and exploration. A high-quality catalogue is produced covering each of the artistic works on show.

The ten-year anniversary edition of the exhibition was entitled "ReVisited 2023" and marked a very special occasion. Some of the former students have now made quite a name for themselves and in some instances matured into internationally reputed artists: ten of them presented a snapshot of their latest work in 2023 and thereby delivered an impressive testimony to their artistic evolution. A new feature this year was that the young artists were also able to display their work at locations other than the Hannover head office. For the first time, the local offices in Stockholm and Paris were integrated into the art project with their own satellite exhibitions.

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In the period under review, we expanded the Foundation's mandate and will henceforth increasingly turn our focus to sustainability as well as art. In view of the many different challenges of our time, we realise that it is more important than ever to think of tomorrow today and to play our part in leaving future generations the scope they will need to take further action. As a reinsurer, we are only too aware of how devastating the impacts of progressive climate change can be. It is for this reason that protecting the environment and the climate is especially close to our heart. We systematically support projects that enable people to fight climate change and its consequences with the aid of innovations and knowledge.

Against this backdrop, we have combined what were previously two donations guidelines for our Group, namely one for the head office in Hannover and one for the locations outside Germany, into a single policy. In this way, we are looking to boost the positive effects of our social commitment even further. We have always used our entrepreneurial success in part as an opportunity to give something back to society, which is why we attach great importance to donations. With what is now our revised and unified Donations Guideline, we have set ourselves rules in this regard. Based on our purpose and our values, the Guideline sets out the framework for all

Hannover Re donations. We have defined three focus areas in which the need for support is immense and where the scope of what can be achieved is particularly great when it comes to shaping a sustainable world: namely the environment, social issues and innovation.

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### ALONE

ALONE is a charitable organisation in Ireland that raises awareness about the problems facing older people living alone at home. It has set itself the goal of enabling seniors to live an independent life in their own four walls and increasing their physical, emotional and mental well-being. To achieve these aims, the organisation provides an integrated system of support coordination – spanning everything from practical supports, phone services and sheltered housing to assistive technology. A number of our employees at the location in Ireland volunteered on site at one of ALONE's local housing schemes during the reporting period. They helped out with cleaning, tidying and gardening, while also raising money for this good cause.

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### Food & Trees

Food & Trees for Africa is a non-profit organisation (NPO) based in South Africa that addresses issues of food security, environmental sustainability and greening. Its core purpose is to improve lives and landscapes such that as many healthy people as possible can live on a healthier planet. Since 1990, Food & Trees for Africa has built an extensive portfolio of diverse projects right across South Africa. Staff at our South African subsidiary Compass Insure partnered with the NPO in the reporting period to plant altogether 200 trees in schools in and around the province of Gauteng. Both shade-providing and fruit trees were planted depending on the need identified at the schools. The schoolchildren helped with breaking ground, planting and watering. Photos taken by Food & Trees for Africa just a few months later show just how successful the project has been: the saplings had doubled in size in this short time – not least thanks to how attentively the children had cared for and maintained the trees.

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### "Take your bike to work"

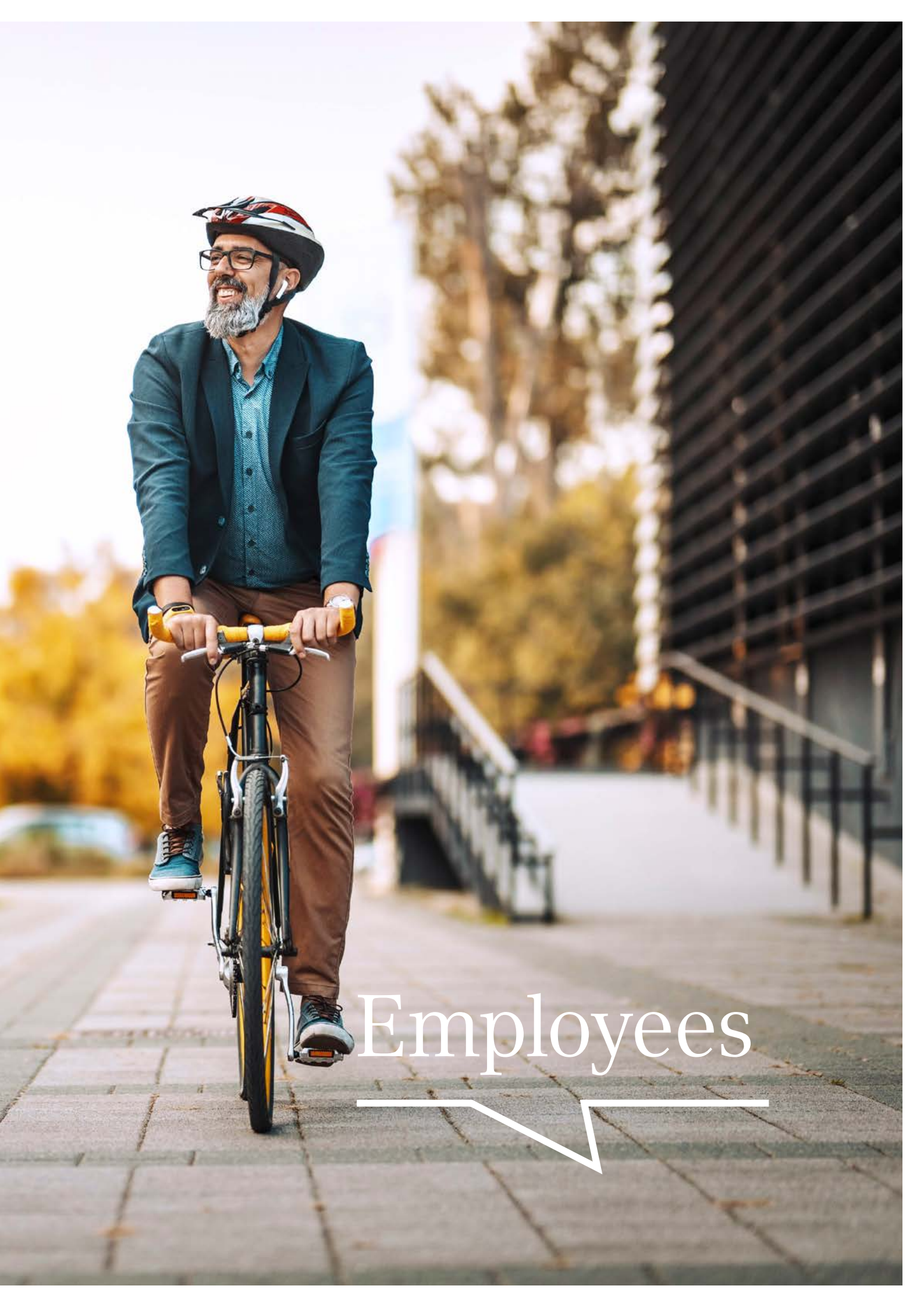
Those who cycle to the office are doing something for their health – and for the environment at the same time. For this reason, we support the "Take your bike to work" campaign launched by the German cycling association ADFC more than 20 years ago in cooperation with the health insurance provider AOK. After almost 150 employees at our Hannover location took part in 2022 and put more than 46,000 kilometres on their bikes in the campaign period between the beginning of May and end of August, there was again no shortage of motivated staff members diligently hitting the pedals in 2023. Everyone who used their bike on at least 20 days during the campaign and marked this accordingly in the "campaign calendar" had a chance to win attractive non-cash prizes at the end. Not only that, prize draws offered an extra motivational boost each month. The great thing about this campaign is that even if you do not take home the grand prize, you are still a winner – when it comes to fitness and well-being.

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Employees



# Employees

## Our people

3-3, 2-7

Companies are much more than efficient value chains, informative balance sheet ratios or their property, plant and equipment in the form of environmentally friendly and energy-efficient buildings and production facilities. Modern companies are living organisms with many individuals who are interlinked with one another and connected with their environment, responding to it and evolving. At the core of these networks are our people with their abilities, values and goals, and the challenge is to make all this compatible with the requirements of the company's strategy and the market.

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. Particularly in industrial countries, the demographic shift is leading to more intense competition for well-qualified staff. It is no longer merely the monetary side but also increasingly the "total reward" offered by a company that plays into the choice of employer: adherence to principles of responsible corporate governance, measures to realise sustainable development in core business, a company's reputation, corporate culture and atmosphere, how meaningful the work is, compatibility of career and family life as well as other additional benefits.

As a service provider in the insurance industry, Hannover Re operates in a highly specialised environment and must at the same time respond to the demands placed on companies as employers. Talent management is therefore a pivotal element of the Group strategy 2021–2023. Talent management advances the professional and personal growth of employees, opens up individual career planning and career opportunities, ensures that key positions are filled and hence safeguards the growth of the organisation. It is for this reason that "empowered people" was identified as one of four performance enablers and supported with a strategic Talent Management initiative.



### Leadership fundamentals

In the year under review, we further enshrined our leadership fundamentals, which are closely aligned with Hannover Re's purpose and values – Responsibility, We-spirit and Drive, in our leadership programmes. Our purpose and our values serve as orientation in how we define leadership and embody it both Group-wide and across hierarchical levels. They also give us a framework for providing mutual feedback. Our purpose and our values guide us in our interactions both with each other and with our clients 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 began to roll out for our Group's senior executives in 2022, we make it possible to experience these behavioural anchors and thereby ensure that the leadership fundamentals are widely understood and applied.

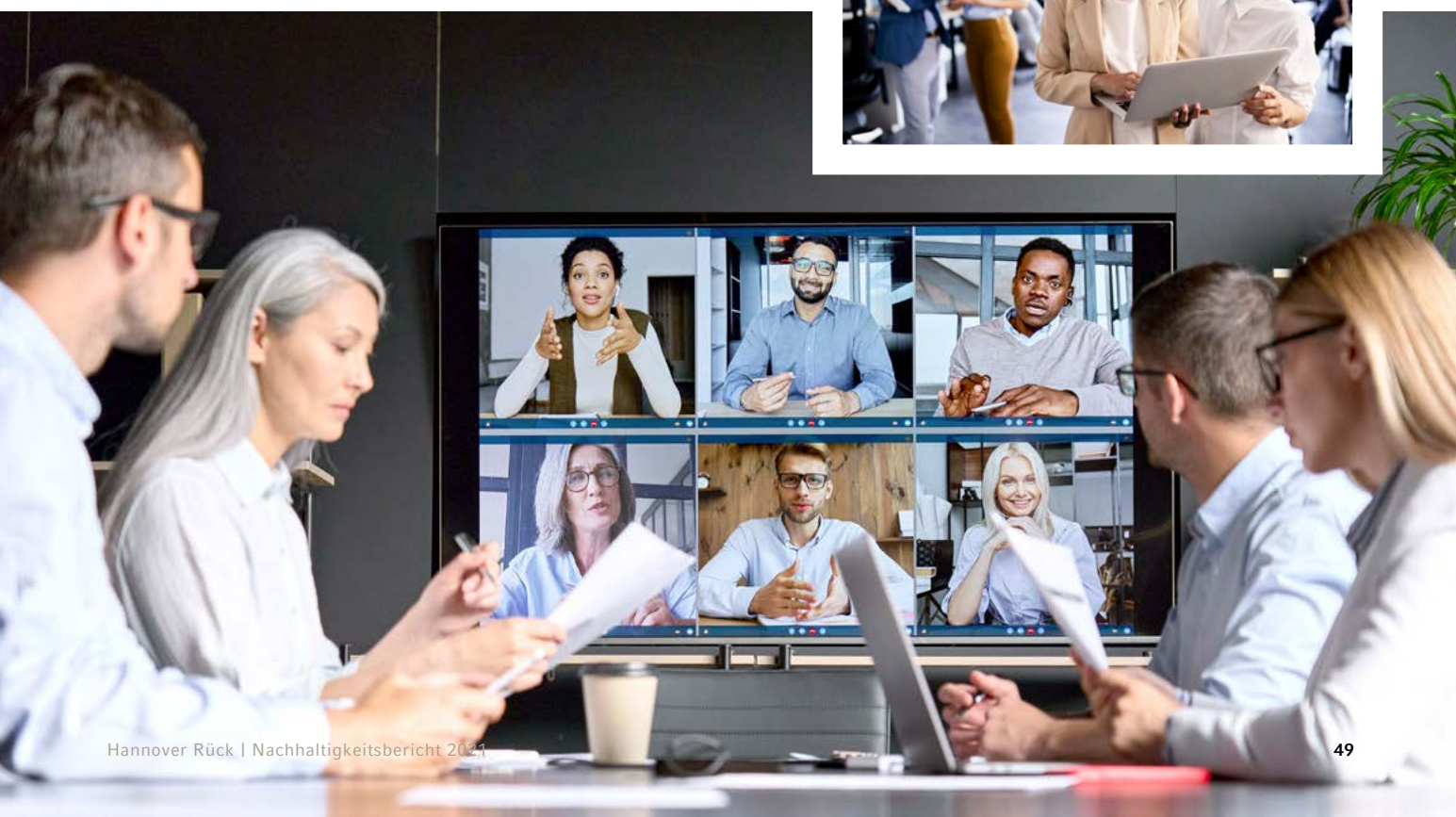
In the 2022 reporting year, the labour market and associated personnel management work in the financial sector, just as in other highly skilled industries, continued to be highly complex and were shaped by a wide range of additional issues. They included, among other things, the increasingly rapid transformation of the working world, ever more demanding regulatory requirements as well as digitalisation and automation. The evolution towards a “new normal” following the Covid-19 pandemic and the establishment of new working models and environments was another crucial factor.

As a central interface function, human resources at Hannover Re is steered to a large extent from the Hannover head office and falls within the Chief Executive Officer’s scope of responsibility. In the year under review, special efforts were also made to advance the interlinking and coordination of all personnel departments around the world as part of the FutureHR project. Hannover Re employed a global workforce of 3,518 (3,346) Group-wide at the reference date of 31 December 2022.

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 2022 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.



## Indicators

2-7

### Breakdown of the workforce by region, gender, activity level and employment contract<sup>1</sup>

S 14

Activity level and employment contract by region	2022				2021		
	Number of employees <sup>2</sup>	+/- previous year	Men	Women	Number of employees <sup>2</sup>	Men	Women
<b>Number of employees</b>	<b>3,518</b>	<b>172</b>	<b>1,694</b>	<b>1,824</b>	<b>3,346</b>	<b>1,601</b>	<b>1,745</b>
Germany	1,536	59	759	777	1,477	734	743
Europe excl. Germany	548	13	315	233	535	300	235
United States	317	10	164	153	307	155	152
South Africa	479	3	143	336	476	145	331
Asia	352	18	175	177	334	165	169
Americas excl. USA	90	5	40	50	85	37	48
Australia	196	64	98	98	132	65	67
<b>Full-time positions</b>	<b>3,065</b>	<b>166</b>	<b>1,604</b>	<b>1,461</b>	<b>2,899</b>	<b>1,512</b>	<b>1,387</b>
Germany	1,147	34	687	460	1,113	666	447
Europe excl. Germany	515	38	302	213	477	283	194
United States	313	10	163	150	303	154	149
South Africa	471	2	142	329	469	144	325
Asia	348	17	174	174	331	164	167
Americas excl. USA	89	5	40	49	84	37	47
Australia	182	60	96	86	122	64	58
<b>Part-time positions</b>	<b>453</b>	<b>6</b>	<b>90</b>	<b>363</b>	<b>447</b>	<b>89</b>	<b>358</b>
Germany	389	25	72	317	364	68	296
Europe excl. Germany	33	-25	13	20	58	17	41
United States	4	0	1	3	4	1	3
South Africa	8	1	1	7	7	1	6
Asia	4	1	1	3	3	1	2
Americas excl. USA	1	0	0	1	1	0	1
Australia	14	4	2	12	10	1	9
<b>Permanent positions</b>	<b>3,226</b>	<b>128</b>	<b>1,584</b>	<b>1,642</b>	<b>3,098</b>	<b>1,496</b>	<b>1,602</b>
Germany	1,456	58	732	724	1,398	701	697
Europe excl. Germany	518	25	303	215	493	279	214
United States	316	10	163	153	306	154	152
South Africa	457	-12	139	318	469	141	328
Asia	225	2	121	104	223	121	102
Americas excl. USA	83	5	40	43	78	36	42
Australia	171	40	86	85	131	64	67
<b>Temporary positions</b>	<b>292</b>	<b>44</b>	<b>110</b>	<b>182</b>	<b>248</b>	<b>104</b>	<b>144</b>
Germany	80	1	27	53	79	33	46
Europe excl. Germany	30	-12	12	18	42	20	22
United States	1	0	1	0	1	1	0
South Africa	22	15	4	18	7	4	3
Asia	127	16	54	73	111	44	67
Americas excl. USA	7	0	0	7	7	1	6
Australia	25	24	12	13	1	1	0
<b>Trainees</b>	<b>15</b>	<b>0</b>	<b>7</b>	<b>8</b>	<b>15</b>	<b>8</b>	<b>7</b>

<sup>1</sup> From 2016 onwards the employees of all companies included in the financial statements of the Hannover Re Group are counted.

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

## Co-determination and involvement of employees

Hannover Re is an internationally operating company. For us, it goes without saying that we respect relevant laws and rules as the legal foundation of our business activities in all the countries where we operate. At our location in Germany, where we employ 43.7% of our worldwide workforce, this means all individual and collective laws, regulations and directives. At the Hannover location, for example, employees are subject to:

- 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 (EntgTranspG),
- 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 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 Section 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 2022, 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 2022, 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

Hannover Re is an employer that lives up to its responsibility: with fair working conditions, efficient structures and sustainable growth targets. In order to attract and retain highly qualified and motivated staff, Hannover Re offers not only task-oriented and performance-based remuneration but also numerous non-monetary benefits, most notably when it comes to the hours and place of work, childcare, pensions as well as further training and development. Based on a weekly working time of 38 hours and thanks to various working time models at the Hannover location, we put in place a good foundation for a healthy work-life balance. We also care about making the return to work for mothers and fathers after parental leave as smooth as possible. With this in mind, we consider the worldwide expansion of flexible working locations and needs-based working time models to be major pillars of our human resources policy.

In order to assist our employees with childcare, we operate our own in-house daycare centre “ReKids” at the Hannover location, where an eight-person team of seasoned professionals provides all-day care for children aged three and under. The daycare facility accepts infants for the entire day so as to enable parents to make a quick return to the office. Since 2020 we have also partnered with a provider of virtual childcare and holiday programmes at the Hannover location. Employees with children and grandchildren can choose from a wide range of around 1,500 free digital recreation and holiday offerings and thereby spend a happy and fun-filled time with their grand(children) and experience a more worry-free daily work routine. Two rooms are available at the Hannover location to employees who are breastfeeding. At Hannover Re we also invest a great deal in the health and wellness of our employees: with a diverse range of sports programmes, ergonomic workstations and healthy meals in the canteen.

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### Talent Management initiative

A Talent Management initiative sponsored by the Chief Executive Officer was launched in 2020. One of altogether four strategic initiatives, it forms part of the Group strategy 2021–2023 and at the same time supports the “Performance enabler: Empowered people”, which has similarly been integrated into the Group strategy. The goal is to retain talent at the company and attract talented new people, to optimally deploy, foster and develop them at all locations and to create a work environment that makes Hannover Re the employer of choice. In addition, the initiative envisages measures to promote global mobility, the optimisation of all material processes and systems as well as a greater linking of worldwide human resources activities.

Further goals of the initiative are:

- developing a Group-wide Human Resources IT system as a support tool,
  - promoting a global network within the Human Resources community,
  - optimised succession planning,
  - expanding programmes for “Learning & Development”,
  - implementing a roadmap in support of “Diversity, Equity & Inclusion”
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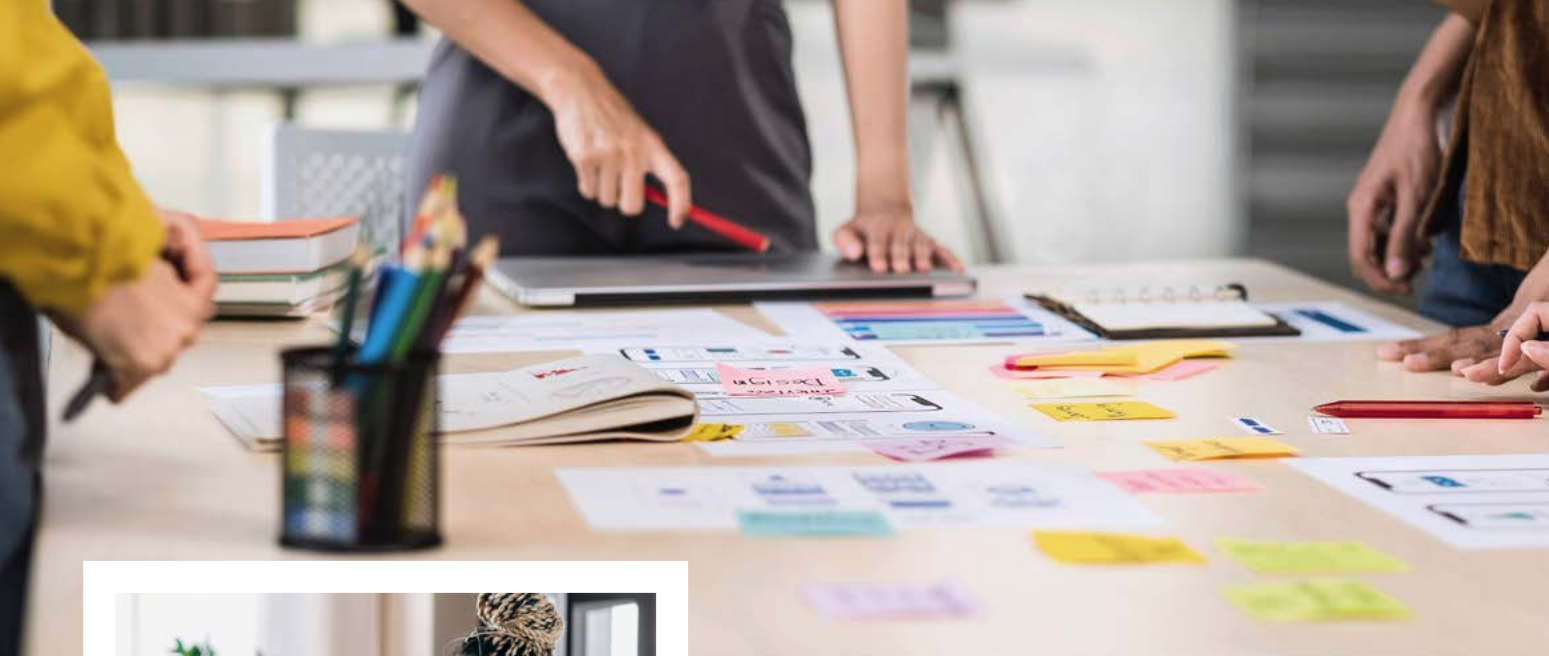
## Recruitment of new employees

As a growing company, we attach considerable importance to attracting junior recruits and skilled professionals. We therefore continued to effectively step up our recruitment activities in Germany and abroad in the year under review, particularly in the area of social media.

In recent years, we have already been successful in recruiting qualified new employees in a timely manner. If we are to maintain this high level, it is vital to remain prominent and attractive as an employer and to know the expectations of candidates on the job market. Our primary target groups are university graduates and young professionals/professionals. Most job profiles are centred on the disciplines of mathematics and economics as well as computer science. It is becoming increasingly difficult to fill IT and data analytics positions, in particular, owing to sustained strong demand in almost every sector.

Our outreach at the Hannover location to our youngest potential recruits in the form of presentations given on orientation days at schools is complemented by the holding of a “Girls’ and Boys’ Day”. We were able to revert to an in-person event in the year under review, after Covid-19 forced us to hold it in a virtual format for the first time the year before. 50 children and young people ranging in age from 10 to 15, grade 5 and





higher, made the most of their opportunity on this day to gain some early insights into the work of a reinsurer.

As a route to obtaining a professional qualification, we offer up to six places each year to study for a Bachelor of Arts in business management with an insurance concentration as part of an integrated degree programme. For this group, too, we try to integrate a stay at one of our local offices around the world into the training programme, thereby similarly reflecting our company's international approach under this programme.

We use a range of measures to systematically address graduates as a target group, including building and cultivating contacts with universities, attending job fairs, offering to arrange field trips, publishing activity reports in student magazines and trade journals as well as using online media and providing job application training. In the year under review, we continued to pursue this programme online but also reverted to in-person formats wherever possible. Furthermore, internship opportunities and cooperation arrangements to assist with theses enable students to get to know the company and discover Hannover Re as a very attractive employer. University graduates can join us both through direct entry and through trainee programmes with concentrations in reinsurance, mathematics and computer science. Trainees are taken on with a permanent employment contract right from the outset.

### Employer branding

In the 2022 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 the latest activities in Human Resources, our personnel strategy or insights into the work of staff members, we place job advertisements through LinkedIn. This is done both nationally and internationally, enabling us not only to address specific target groups but also to make attractive offers on a global level.

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. This is about how a candidate experiences the recruitment process. Positive employer branding (i.e. the perception of the company as an attractive employer) affects not only those on the outside but also the satisfaction of the workforce.

Positions for young professionals/professionals as well as leadership roles are generally advertised internally Group-wide. For outside recruitment purposes, we use not only traditional job ads but also web-based business networks such as XING and LinkedIn as well as other country-specific platforms in the international context. Word-of-mouth recommendations are becoming increasingly influential on the recruitment side, as in many other areas. To this extent, our "Employees Recruit Employees" programme and our good employer ratings on the portal kununu are important marketing factors in Germany when it comes to attracting talented people.

## Feedback culture and succession planning

Providing targeted support for employees is a core component of the work of Human Resources. It involves a three-way interplay between the member of staff, their manager and the company. With a view to fostering the individual advancement of our employees, all members of staff at the Hannover location have the opportunity to take part in an annual performance review with their direct supervisor. During this review the employee's performance is evaluated according to higher-level, company-specific criteria, and issues relating to cooperation and the scope of tasks as well as the goals and professional development of the individual employee are explored at length. Participation in this review is optional for the member of staff, although we recommend an annual cycle of performance reviews to strengthen the feedback culture and trusting cooperation. The basis of our corporate culture is the greatest possible delegation of tasks, the assignment of authorities and responsibility and the development of our staff. Our performance reviews thus similarly reflect our leadership fundamentals:

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

These leadership fundamentals and how we embody them, together with role-specific competence models, are included in every performance review.

Our attractiveness as an employer is further reinforced by systematic career development programmes. As a general principle, we fill vacant management positions whenever possible from within our own ranks – where qualifications are equivalent – and we consider leadership potential even at the recruitment stage. At our consolidated Group companies, too, we do our utmost to fill all positions on Group Management Level 3 (General Manager) or higher locally in the respective countries. A process is followed for all our appointments: all candidates for Group Management positions are evaluated by an internal panel rather than a single person and are additionally subjected to an external assessment. Furthermore, systematic succession planning prevents gaps emerging when executives or staff in mission-critical roles leave the company. In a standardised process, all positions on the Group Management level and mission-critical roles are thoroughly reviewed on an annual basis. The identification of successor candidates takes into account not only the evaluation of their expertise and assessment of their potential, but also their fulfilment of our leadership fundamentals.

We similarly offer a development assessment for employees on the level of Deputy Manager and Manager at the Hannover location as a means of pinpointing just where they are in their development. Building on this, employees can reflect on their development opportunities and grow into a specialist, project-centred or leadership role.

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## Global personnel information system

A major objective of the Talent Management initiative is to put Human Resources 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, which is split into three phases and spans a period of several years. In the course of the project, human resources services are to be given a standardised orientation and processes streamlined, in part on the basis of global best practices, so as to support, connect and strengthen existing and future talent along the employee life cycle with state-of-the-art, consistent and efficient human resources offerings. Important foundations were established in the initial project phase for implementation of the information system and the promotion of global mobility. In addition, the first modules of the new IT system were rolled out at the Hannover location in Germany. In phase 2, commencing in May 2023, the project will also turn its focus to international implementation of the cloud-based IT solution.

"FutureHR" will help to drive the increase in value creation along the employee life cycle, for example through improved core processes in recruitment, learning management and onboarding. By pursuing a multidisciplinary and international approach, the project team is thereby not only establishing the basis for global talent management by delivering the project outcomes, but also – with the digitalised human resources programme – attending to a strategically relevant component as part of the Hannover Re Group's further growth trajectory.

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## 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 2022, 94 % of our employees at the Hannover location were covered by this collective bargaining agreement.

The remaining 6 % 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, our managers 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 the associated very specialised skills of our employees, we deploy highly qualified personnel worldwide. Salaries reflect these high skills levels. Our employees are paid according to their specific tasks, their skills and qualifications and their performance based on a globally valid remuneration policy. Salary increases and promotions follow a clearly defined process. There is consequently no risk of falling short of a local minimum wage.

The individual promotion grades for staff employed in Germany are subject to transparent criteria published on the intranet, which are also purely function- and skills-based. In the context of the annual round of salary adjustments and promotions, we explicitly evaluate how many women and men receive a salary increase, whether there is a difference in the average amount and whether a trend towards favouring or disadvantaging one gender over the other can be discerned. As in the previous years, there was no preferential treatment or discrimination in this respect. In addition, we review how many women and men are promoted for each hierarchical level so as to ensure a gender balance within the workforce.

Supplementary to individual and statutory retirement provision, employees in Germany who have been with us for longer periods of time are entitled to inclusion in employer-funded retirement provision. The amount of the funding contribu-

tions is determined by the individual salary levels and calculated according to the pay scale groups under the collective agreement. For new entries after 31 March 2018 and for employees who have switched to the so-called matching system, the employer makes a contribution above and beyond this if the employee arranges individual provision. The further improved company pension scheme for employees adopted on 1 July 2020 under a company agreement became a firmly established element of the sustainable rewards programme in the year under review. Employees can accumulate additional employee-funded occupational retirement provision by way of deferred compensation.

Furthermore, we offer our employees additional voluntary benefits. These include, among other things, life, health and disability insurance policies. Such offers are dependent upon the particular location and relevant legal stipulations. All members of our staff are granted the same benefits in proportion to their working hours.

In addition, our existing Group-wide guidelines for remuneration and fringe benefits were refined in the year under review and our global assignment policy – finalised in the previous year for deployments across multiple locations in connection with training activities as well as short- and long-term assignments – was more widely applied throughout the Group.

### Social security contributions and expenditure for pension provision and assistance S 15

in EUR thousand	2022	2021	2020	2019	2018
Social security contributions and expenditure for pension provision and assistance	63,471	58,922	56,795	49,275	57,112
Social security contributions	26,481	25,144	23,152	20,749	26,928
Expenditure for pension provision	31,311	29,028	28,851	24,245	26,117
Expenditure for assistance	5,679	4,750	4,792	4,281	4,067

For more detailed information on the remuneration paid to our employees, executives and the members of the Executive Board, we would refer to the “Remuneration report” from page 114 onwards of our Group Annual Report 2022. For information on personnel expenditure we would refer to item 8.4 of the notes to the Group Annual Report.

## Employee satisfaction

401-1

The satisfaction of our employees is very important if we are to remain an attractive employer in the eyes of our workforce. For many years now we have obtained a reliable picture of our employees' satisfaction by surveying our staff. In the 2022 reporting year, this was again done by way of a Group-wide employee survey known as the "Organisational Health Check" (OHC), which is intended to make a company's "state of health" visible and measurable. Altogether, 2,238 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 pleasing overall participation rate of 76 %. The strong level of

participation clearly highlights the importance attached to the survey by every one of our staff and managers. With an overall score of 76 the result remains stable on the high level of the previous year. Despite the modest decrease, all scores in the year under review were 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 3.4 % (3.3 %) was substantially lower than the industry average of 6.1 %. The average length of service to the company at the Hannover location stood at 11.8 years in 2022.

### Staff turnover by region

S 16

Region	2022				2021				2020				2019			
	Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>	
	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %
Germany	149	9.7	56	3.6	130	8.8	47	3.2	119	8.5	37	2.6	99	7.1	45	3.2
Europe excl. Germany	88	17.7	84	16.9	64	12.9	64	13.3	86	16.5	44	8.5	77	15.5	65	13.1
United States	40	14.1	31	11.0	32	11.3	31	11.0	42	13.8	20	6.6	38	13.4	30	10.6
South Africa	65	13.9	73	15.7	48	10.3	37	7.9	49	10.2	37	7.7	60	12.9	49	10.5
Asia	85	33.6	41	16.2	81	32.0	32	12.6	67	22.2	16	5.3	42	12.9	24	9.5
America excl. USA	24	33.8	13	18.3	12	16.9	6	8.5	10	13.5	10	13.5	9	12.7	5	7.0
Australia	34	29.1	26	22.2	14	12.0	17	14.5	20	15.5	6	4.7	12	10.3	10	8.6

### Staff turnover by gender

S 17

Gender	2022				2021				2020				2019			
	Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>	
	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %
Men	247	14.6	155	9.1	204	12.7	125	7.8	219	14.0	89	5.7	169	11.8	95	6.6
Women	238	13.0	171	9.4	177	10.1	113	6.5	174	10.5	83	5.0	168	10.2	134	8.1



## Staff turnover by age group

S 18

Age group	2022				2021				2020				2019			
	Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>		Rate of persons joining <sup>1</sup>		Rate of persons leaving <sup>2</sup>	
	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %	Num-ber <sup>3</sup>	in %
Up to age 29	194	40.1	71	14.7	173	35.7	59	12.2	167	37.6	43	9.7	127	37.6	43	12.7
Ages 30 to 49	231	12.4	168	9.0	173	9.3	121	6.5	191	10.6	80	4.4	174	10.5	121	7.3
Age 50 and over	60	6.0	87	8.7	35	3.5	58	5.8	35	5.0	49	5.1	36	5.6	65	10.0

<sup>1</sup> The rate of persons joining considers all newly appointed employees in the year under review (according to total headcount as at 31 December).

<sup>2</sup> The rate of persons leaving considers the number of employees who left the company in the year under review voluntarily or due to termination, retirement or death (according to total headcount as at 31 December).

<sup>3</sup> The key personnel indicators are calculated according to headcount. In this context, we consider the consolidated group in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" on the basis of a consistent consolidation model for all companies that defines control without regard to whether it arises out of company law, contractual or economic circumstances. Group companies are consolidated with effect from the date on which Hannover Re gains control over them.



# Learning and development

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 continuing and customised (further) training, thereby reinforcing a positive perception of the company. At the same time, the opportunities made available to our employees enable them to continue their personal growth journey and feed the desire for lifelong learning.

In the context of the Talent Management initiative, all ongoing training activities offered by Hannover Re are systematically aligned with our purpose and our values as well as our leadership fundamentals, as is also true of the “LEAD” leadership programme.

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## Leadership development

In the 2022 reporting year, the global leadership development programme known as “LEAD” was implemented to promote a value-based leadership culture. The LEAD programme enables participants to experience our values of Responsibility, We-spirit and Drive. In three modules our leadership fundamentals are operationalised and put to the test in practice through the exchange with colleagues. Each module, two of which are intentionally designed in a virtual format and also tackle the subject of hybrid leadership, focuses on one value and two resulting leadership fundamentals:

- Module 1: Responsibility with Guide. and Empower.
- Module 2: We-spirit with Include. and Connect.
- Module 3: Drive with Transform. and Develop.

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 programme’s 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. On this level too, reinforced by “learning nuggets” and “peer coaching”, the LEAD programme conveys Hannover Re’s core messages on leadership in the form of blended learning with a focus on specific target groups and topics. This ensures the systemic anchoring of a consistent understanding of leadership.

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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. The individual programme of development measures is normally drawn up jointly by the employee and their manager as part of the annual performance review. Above and beyond this, all employees can access an extensive range of supplementary further training. Seminars can be booked online Group-wide through the tool “HannoverReAcademy” and take the form of face-to-face events, web-based activities or a hybrid blended learning format.

The HannoverReAcademy 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. Going forward, these materials will be presented in a state-of-the-art, more flexible online format. 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, its strategic orientation as well as its vision and values. These courses not only provide specialist support for our employees, they also help them to find their way in their new work environment and quickly build a network 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 instruction in social, methodological and leadership skills. We also continued to offer our range of in-house language courses, with tuition in selected languages also available in an e-learning format. In addition, seminars reflecting Hannover Re’s global orientation such as “International Negotiations” or “Intercultural Skills” are generating further lively interest among the workforce.

In 2022, we again devoted special attention to supporting our employees and managers in dealing with the implications of markedly changing work environments. The effects of new forms of working or automated/digitalised workflows play a particularly important role in this context. We continued to make available all offerings on virtual forms of cooperation, whether in relation to leadership or virtual (client) meetings. Dealing with changes was another topic that was again actively addressed through the workshop series “Fit for Changes”. Held as joint events, staff and managers alike are able to simulate change processes in order to avoid any stressful situations that can arise and they are equipped with tools for successfully shaping change.

Our range of learning tools further includes seminars for new and seasoned executives alike on topics such as “Wellness – Management Task and Individual Responsibility” and “Mastering Complexity – Assured Leadership in Complex Situations” as well as coaching supports. In addition, we began last year to offer worldwide web-based training in sustainability and online learning units about “Digital Fitness”. This gives us added motivation to keep addressing relevant and topical issues within the company and thereby also to fulfil the requirements placed not only on insurers but also on reinsurance undertakings by the Insurance Distribution Directive. This directive regulates the initiation and conduct of all insurance distribution, and in particular insurance mediation. It is applicable to all market players within the EU that transact insurance business, including reinsurers. Employees of reinsurance undertakings who are directly or substantially involved in insurance distribution therefore fall under this directive.

On average, each employee of our company participated – both internally and externally – in 3.0 days of further training in the 2022 reporting year. The number of training days per employee at the Hannover location was 4.2, compared with the previous year’s figure of 4.7.

**Average number of training days worldwide and at the Hannover location** S 19

Region	2022	2021	2020	2019	2018
Worldwide	3.0	3.0	2.3	3.4	2.7
Germany	4.2	4.7	3.4	4.8	4.4

## Global mobility

Back in 2020, as part of the Talent Management initiative, the “Talent Management Sounding Board” was set up to support the development of a global human resources network. The participants are four members of the Executive Board, representatives of Human Resources and an international team of senior executives from various worldwide business units. The body comes together every eight weeks to actively shape the initiative and provide integrated support for its implementation. As an additional step, a “Hannover Re Global HR Leaders Meeting” was instituted, enabling representatives from the human resources departments at various locations to discuss both Group-wide and local issues and requirements arising out of the Talent Management initiative and take action on the identified measures. One topic here was how to further invigorate the global internal job market already established in the previous year. Our global assignment policy, which was approved in the year under review, increasingly enabled us to facilitate short- or long-term assignments to other locations or assignments for training purposes as well as permanent transfers. All in all, this fosters both inter-nationality and global mobility at Hannover Re.

## Employee health and wellness

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

The performance capability and health of our employees are essential prerequisites for sustainable development of our company's business and for maintaining our high quality standard. Given that they work for a service provider, our staff members do not engage in activities that expose them to particularly high risk. Nevertheless, the transformation in the world of work, the need for efficiently structured work processes and a constant pressure for change can lead to reduced productivity and physical and/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.

Our goal is to preserve and restore the physical and mental well-being of our employees because every illness or injury has both direct economic impacts on our company and social implications for the affected individuals, their families, our colleagues and the social security systems.

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 international offices within and outside Europe are subject to local laws which are similarly observed.

An interdisciplinary Health and Safety Committee, which includes representatives of Human Resources, the Employee Council and the company physician, meets regularly at the Hannover location to explore the latest risks in connection with occupational health and safety, define necessary measures, coordinate regular activities such as on-site inspections and determine how to respond, for example in the case of an accumulation of incidents. Our employees receive regular instruction in matters of occupational safety.

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

In 2022, we also continued to work on the findings of the most recent survey conducted to evaluate the risk posed by psychological stress.

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 establish/preserve safe and healthy workplaces. Hazard assessment also includes exploring psychological risks associated with work. This means that all companies and organisations must determine not only physical risks for their employees but also those resulting from psychological stress at work.

Based on a survey conducted in 2021, our managers and departments developed and discussed measures in the year under review that help to mitigate potential risks and/or safeguard restorative factors. Focus topics were the implications of the new working 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 and workshops designed to strengthen the resilience and relaxation skills of our staff and managers remain an integral part of our preventive wellness support measures, just as they were in previous years. Our executives are addi-



tionally able to attend workshops tailored specially to their needs, including one entitled “Wellness – Management Task and Individual Responsibility”.

In addition, we offer staff at our Hannover location an extensive range of fitness opportunities, including company sports groups dedicated to various types of sport and cooperation arrangements with fitness studios. When it comes to individual workspaces, we take care to provide an optimal room layout and ergonomic furnishings, including electronically height-adjustable desks and chairs with a flexible range of adjustment options. If required, we pay the costs of special computer glasses.

We also continued to offer an Employee Assistance Programme (EAP). This provides external and anonymous immediate counselling on personal, professional and health concerns for our employees, managers and their family members, including assistance with accessing a service for families.

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## Employee health and wellness around the world

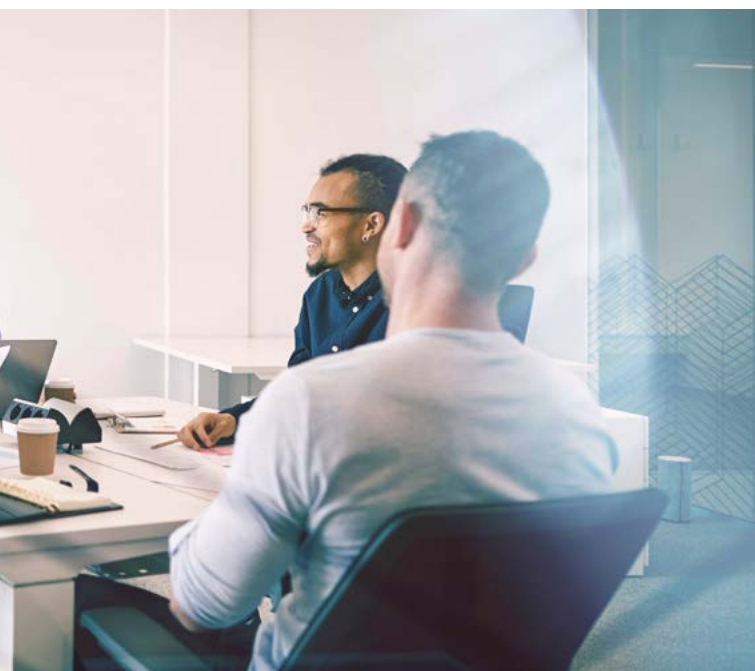
Promoting health and wellness is an expression of the high regard in which we hold our employees. At our companies abroad we are similarly committed to measures that can be easily integrated into everyday working life. They are intended to help avoid health problems. Even after the Covid-19 pandemic,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

Our branches and subsidiaries organise exercise programmes and offerings to promote individual initiative. They include, for example, covering a portion of the costs associated with membership of fitness facilities. The programme is particularly intended to prevent musculoskeletal disorders and generate awareness of the benefits of movement. In the course of the year we were able to resume measures that were still temporarily suspended in 2021 due to the Covid-19 pandemic; nevertheless, virtual training opportunities continue to be offered where appropriate.

Many locations offer a medical check-up for executives and members of staff alike. The programme is rounded off with anti-stress courses and special activities at the workplace to support employees' mental well-being. In Orlando, United States, a Wellness Committee develops various offerings for staff such as workplace massages and stress management workshops and tailors them to meet current requirements. In Sydney, Australia, mental health training sessions are held annually, and in Ireland and the United Kingdom mental wellness programmes similarly remain available.

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

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Altogether ten accidents occurred in Germany while at work or commuting in 2022; the total number of employee days lost to absenteeism was 16,644. The rate of absenteeism in Hannover was higher in 2022 than in the previous year at 4.0 % (2.3 %). 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 20

	2022	2021	2020	2019	2018
Days lost to absenteeism	16,644	10,595	11,978	14,469	14,134
Rate of absenteeism	4.0 %	2.3 %	2.4 %	4.2 %	4.0 %
Work- or commute-related accidents	10	3	6	11	16
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 within a company fosters a positive working environment, boosts employee motivation and enhances its appeal as an employer. What is more, 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 for companies.

A Diversity, Equity & Inclusion (DE&I) strategy built on our purpose and our values was developed in the year under review as part of our Talent Management initiative. We aim to “create opportunities together” and also to be “somewhat different”. Along with the DE&I strategy, we also defined an action plan with nine points of emphasis for 2022.

### Somewhat different ways of working

The world of work is currently heavily preoccupied with issues around the “new normal” and changed ways of working. The Covid-19 pandemic has brought these changes into even sharper focus. The most significant implications for our initiative “The somewhat different way of working” are community, digitalisation, mobile working and flexibility. We want to create units that are perfectly tailored to the needs of the new normal 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. In our new working environment this will mean that employees can choose their workstation flexibly according to their individual work situation.

Since the launch of the initiative we have actively involved the departments and their staff in the process of redesigning their working environment. This gives us all a unique opportunity to help shape an inspiring work setting that looks to the future. The pilot project, in which seven different departments participated, was thus able – based on an extensive needs analysis – to significantly influence our subsequent workspace redesign.

### 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 Initial 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, for example based on age/generation, disability, health impairment or medical condition, relationship/marital status, gender/gender identity or expression, race, skin colour, ethnicity or nationality, social origin, religion or world view, sexual orientation or any other legally protected factor, are not tolerated. Furthermore, we welcome all other facets of diversity and similarly reject any form of discrimination. This includes, but is not limited to, attributes such as demeanour, appearance, education, professional experience, dialect, income, leisure habits, hierarchical level, service to the company as well as the personality 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 ad-

vantaged nor disadvantaged on account of their membership of 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 manager, Human Resources, the Compliance department or a confidential Group-wide whistleblower system.

### Unconscious bias

"Unconscious bias" is a term referring to patterns of thinking of which we are not aware that influence our everyday behaviour. Research findings show that we are all affected by such unconscious biases, which may influence us even if they run directly contrary to our convictions.

At Hannover Re, we consider it important to create awareness of the existence of unconscious biases and to identify and prevent their potentially negative impacts in everyday working life.

As part of the Talent Management initiative, therefore, we launched a workshop to raise awareness of the issue: how do we recognise and understand biases and how can they influence our decisions? Techniques for arriving at more objective decisions are also learned. Our leadership programme LEAD similarly includes compulsory training on this topic.

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 3.0 % in the year under review.

## Women in leadership positions

Hannover Re and its Executive Board are committed to equal opportunities in relation to all diversity criteria and on all hierarchical levels. A focus of the measures is currently on fostering women in leadership positions. Worldwide, the proportion of women stood at 22.1 % in the year under review, or 20 % for the Hannover location. This means that we have achieved the target quota of 18 % for women on the first and second levels of management set by the Executive Board for no later than 2022.

Group-wide, the gender ratio of the 3,518-strong workforce is virtually balanced at 48.2 % male and 51.8 % female. Yet women are less widely represented on the company's more senior hierarchical levels than men. As part of our sustainability strategy 2021–2023, we aim to increase diversity on all levels of management worldwide.

Various tools and approaches have been adopted to support women in their professional development: these include, for example, a mentoring programme aimed at women, support for a Group-wide women's network, advice sessions for parents-to-be covering periods of employment protection, parental leave, part-time working during parental leave etc. and also planning – in terms of both timing and content – for employees returning from parental leave with the aid of flexible arrangements that go well beyond the legal standards.

The mentoring programme, in particular, is a highly customised development tool. It brings female employees (mentees) together with senior executives (mentors) for a period of twelve months to engage in a targeted, regular dialogue. The specific focus of the internal mentoring programme on a purely female group of participants is part of our initiative to give targeted support to promising junior female managers by raising their profile in the organisation and fostering their abilities on an individual basis. In addition, the programme is intended to encourage women to reflect on their professional development to date and career prospects and to take steps to actively shape them going forward. They also gain insights into new fields of work and are able to learn from their mentor's experience. For the participating senior executives, too, the role of mentor enables them to gain their own insights and develop greater awareness of gender-related issues. The programme was overhauled in the 2022 reporting year and a transition towards a more extensive mentoring concept is envisaged for the next reporting period.

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

S 21

in %	2022	2021	2020	2019	2018
Target quota set	18.0	18.0	18.0	18.0	18.0
Quota achieved	20.0	18.0	18.0	17.4	15.6

## Work-life balance

401-3

Compatibility of the professional and personal sphere as well as support for a harmonious work-life balance are closely associated with the issue of diversity and equal opportunities. Measures to promote the compatibility of career and personal

life are an important part of the work of Human Resources. We would like our employees to be able to strike a fair balance in both aspects of their life.

Measures that support a work-life balance lead to increased employee satisfaction, boost staff motivation and support both operational health management and social security systems. For potential applicants, too, it is an important factor in their choice of employer. This topic therefore plays into all major personnel-related issues.

Flexible working times and locations are an important element in the compatibility of work and family life. This includes, for example, more intensive use of combined office and mobile working as well as working time models tailored to the situation of individual employees. These changes are increasingly becoming an integral element of a state-of-the-art, agile working world and boost the company's attractiveness on the employment market as well as the satisfaction, loyalty and commitment of the workforce.

Our regular measures in Germany encompass multiple part-time models that can be individually tailored, the design of which far surpasses what is legally required, as well as flexible working-time arrangements without core hours and various opportunities for partial retirement. At the Hannover location 389 members of staff were employed part-time as at 31 December 2022 on the basis of more than 70 very different and individually agreed working time models. A variety of part-time working models are also offered at our locations abroad together with opportunities for remote work. We began to offer employees the option of mobile working as far back as 2019 in order to further improve the flexibility of their working world – both in terms of location and hours. Mobile working refers to the possibility of performing work – outside of formal teleworking models – at a location other than the company workplace as warranted and on a time-limited basis. In the year under review we put in place a far-reaching and attractive framework for this purpose by reaching a Company Agreement on Flexible Working.

Since March 2020 we have taken extensive measures in connection with the Covid-19 pandemic in order to avoid infections and help slow the spread of the virus as far as possible. This was again the case in the year under review – always based on official policies and adjusted to local requirements.

With a view to facilitating re-entry for employees who are currently on or just returning from parental leave, we encourage our executives to actively maintain contact with our staff members on parental leave, for example by inviting them to attend further training activities or in-house events. On a Group-wide basis, 179 employees of our company were on parental leave in the 2022 reporting year, thereof 71 men and 108 women. 43 employees returned to work from their parental leave in 2022, thereof 16 men and 27 women. 58 employees who returned from their parental leave in 2021 were still with our company twelve months later (14 men, 42 women).

#### Number of employees on parental leave (Group-wide) [S 22](#)

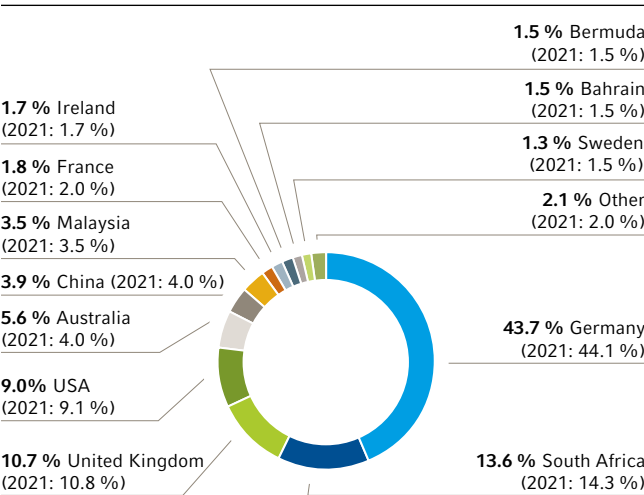
	2022	2021	2020	2019	2018
On parental leave	179	170	188	190	202
Women	108	112	120	124	134
Men	71	58	68	66	68
Returnees	43	41	58	65	72
Women	27	26	37	39	46
Men	16	15	21	26	26
Turnover	56	52	52	55	69
Women	42	44	36	35	44
Men	14	8	16	20	25

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. On the contrary, we welcome the fact that numerous experts from a wide range of areas and with different cultural backgrounds work for us – also with an eye to meeting the exacting quality standards associated with our complex reinsurance services. By way of example, we had colleagues from altogether 53 different nations working at our Hannover location as at 31 December 2022.

Breakdown of employees by country in 2022 S 23



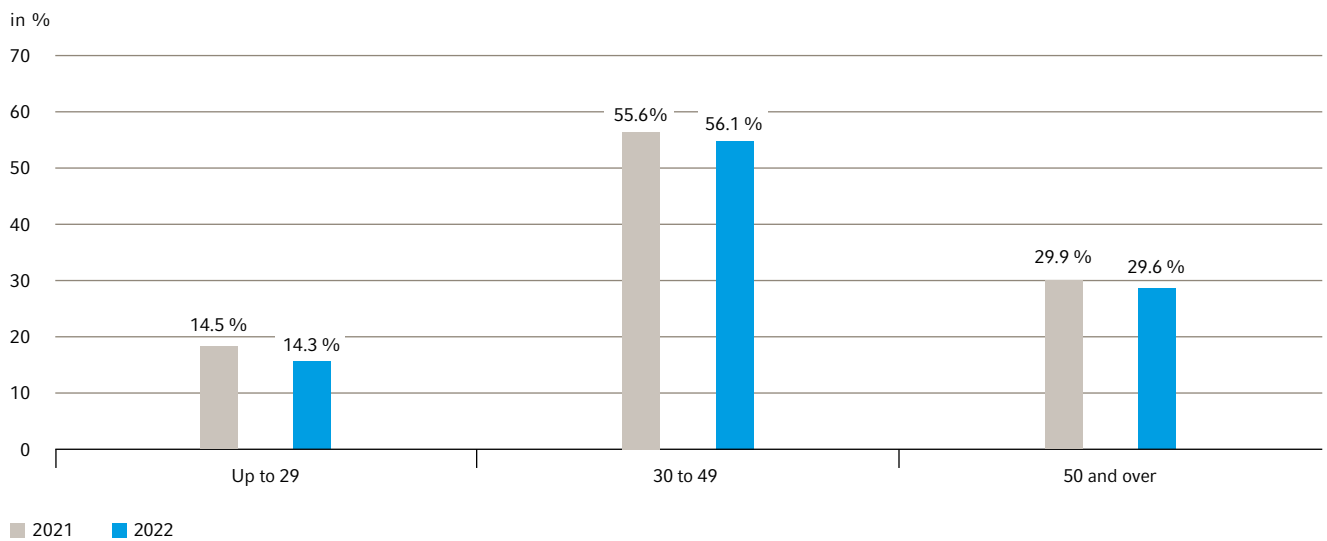
The age structure of our Group’s workforce in 2022 again reveals a balanced picture: 14.3 % of our employees are under 30, 56.1 % are aged between 30 and 49 and 29.6 % are 50 or over. A comparison of the age structure over the years, however, shows a trend in line with the shift in demographics. The proportion of employees aged “50 and over” rose steadily by 10 percentage points in the period from 2011 to 2022.

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



## Age structure of employees throughout the Group

S 24

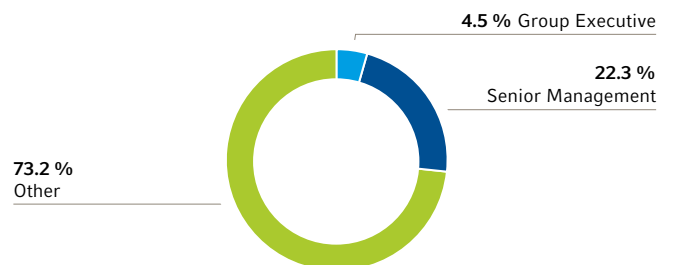


In our personnel statistics a distinction is made between three hierarchical levels: Group Executive, Senior Management and other employees. Of the altogether 3,518 employees Group-wide, 159 (4.5 %) belong to the category of Group Executive, 784 (22.3 %) to the category of Senior Management and 2,575 (73.2 %) to the category of other employees.

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

## Breakdown of employees by hierarchical level in 2022

S 25



## Breakdown of employees by gender and employee category

S 26

		2022			2021			2020			2019		2018	
		Num- ber <sup>1</sup>	+/- pre- vious year	in % <sup>2</sup>	Num- ber <sup>1</sup>	+/- pre- vious year	in % <sup>2</sup>	Num- ber <sup>1</sup>	+/- pre- vious year	in % <sup>2</sup>	Num- ber <sup>1</sup>	in % <sup>2</sup>	Num- ber <sup>1</sup>	in % <sup>2</sup>
Gender														
Number of employees	Men	1,694	93	5.8	1,601	41	2.6	1,560	125	8.7	1,435	-7.9	1,558	47.0
	Women	1,824	79	4.5	1,745	87	5.2	1,658	10	0.6	1,648	-6.3	1,759	53.0
Group Executive	Men	125	4	3.3	121	–	–	121	1	1.2	120	-6.3	128	84.2
	Women	34	3	9.7	31	4	14.8	27	0	0	27	12.5	24	15.8
Senior Management	Men	461	9	2.0	452	3	0.7	449	24	5.6	425	-6.0	452	63.1
	Women	323	31	10.6	292	11	3.9	281	25	9.8	256	-3.0	264	36.9
Other employees	Men	1,108	80	7.8	1,028	38	3.8	990	100	11.2	890	-9.0	978	39.9
	Women	1,467	45	3.2	1,422	72	5.3	1,350	-15	-1.1	1,365	-7.2	1,471	60.1

## Breakdown of employees by age group and employee category

S 27

		2022			2021		2020		2019		2018	
			+/- pre- vious year	in % <sup>2</sup>								
	Age group	Num- ber <sup>1</sup>			Num- ber <sup>1</sup>	in % <sup>2</sup>	Num- ber <sup>1</sup>	in % <sup>2</sup>	Num- ber <sup>1</sup>	in % <sup>2</sup>	Num- ber <sup>1</sup>	in % <sup>2</sup>
Number of employees	Up to age 29	502	18	3.7	484	9.0	444	16.8	380	13.4	444	13.4
	Ages 30 to 49	1,973	111	6.0	1,862	3.0	1,807	1.8	1,776	-9.4	1,981	1,960
	Aged 50 or over	1,043	43	4.3	1,000	3.4	967	4.3	927	1.5	855	913
Group Executive	Up to age 29	–	–	–	–	–	–	–	–	–	–	–
	Ages 30 to 49	70	5	7,7	65	6.6	61	–	61	-3.2	69	63
	Aged 50 or over	89	24	2.3	87	–	87	1.2	86	-3.4	86	89
Senior Management	Up to age 29	5	4	500.0	1	100.0	–	–	–	0.4	3	0.4
	Ages 30 to 49	428	17	4.1	411	1.0	415	5.9	392	-9.7	423	434
	Aged 50 or over	351	19	5.7	332	5.4	315	9.0	289	3.6	254	279
Other employees	Up to age 29	497	14	2.9	483	9.2	64	-13.8	380	18.0	441	18.0
	Ages 30 to 49	1,475	89	6.4	1,386	4.1	1,331	0.6	1,323	-9.8	1,489	1,467
	Aged 50 or over	603	22	3.8	581	2.8	565	2.4	552	1.3	515	545

<sup>1</sup> The key personnel indicators are calculated according to headcount. In this context, we consider the consolidated group in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" on the basis of a consistent consolidation model for all companies that defines control without regard to whether it arises out of company law, contractual or economic circumstances. Group companies are consolidated with effect from the date on which Hannover Re gains control over them. The total number of employees also includes trainees at the Hannover location.

<sup>2</sup> The percentage shows the proportion of women and men within the respective hierarchical level.

# 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 many different levels. The range of measures extends from protecting the individual against the consequences of sickness and accidents as well as the impacts of natural disasters on crops and property to supporting the global energy transition.

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. In the context of these core activities, we also make a very real contribution to the United Nations Sustainable Development Goals (SDGs).

## Sustainable protection

3-3

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

As a reinsurer, i.e. a provider of business-to-business services, with few exceptions we have no direct contact with consumers. Through our range of products we nevertheless help many people to access insurance protection. Indeed, it is frequently only thanks to internationally operating reinsurers that primary insurers are even in a position to cover large portfolios and sizeable individual risks or those associated with natural perils. We thus help to boost insurance density not only in mature markets but also in 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 fulfilment of our goals. In the context of our working group on “Emerging Risks & Scientific Affairs” (see the section “ESG in insurance business”) we monitor not only megatrends and emerging risks, but also the resulting opportunities.

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### Accelerator Network

At the end of 2019, i.e. a few months before the Covid-19 crisis dramatically accelerated the pace of the digital transformation, Hannover Re began to develop its Innovation and Digital Strategy. This led to the setting up of the Innovation & Digital Solutions Committee, which includes four members of the Executive Board, and the Accelerator Network. The Accelerator Network is made up of four specialist units: Digital Business Accelerator Property & Casualty, Digital Business Accelerator Life & Health, Digital Technology Accelerator and Parametric Business Accelerator. The goal is to identify, evaluate and develop innovative digital solutions and services for and with our clients and other partners. In addition, the Accelerator Network has taken on the task of expanding locally successful business models to other markets.

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## Our engagement in property and casualty reinsurance

### Closing the protection gap

In property and casualty reinsurance we facilitate first and foremost the expansion of insurance protection for extreme weather events and natural disasters in emerging and developing countries – regions that are disproportionately impacted by such extreme events, leaving the people living there often facing a protection gap. We are therefore seeking to expand our NatCat aggregates in emerging and developing countries and our sustainable insurance solutions so as to alleviate the impacts of climate disasters and natural catastrophes. By stepping up our cooperation with our partners and promoting the development of actuarial methods in various initiatives to evaluate such risks, we help to close this protection gap.

With this goal in mind, we participate actively in the development of parametric insurance products – also known as index-based covers – that have already been used in agricultural business for a number of years. These products insure and settle losses on the basis of defined parameters that can be unambiguously established, such as amount of precipitation. In contrast to traditional indemnity-based insurance, the amount paid out under parametric covers is defined in advance and depends on the materialisation of a trigger event and not on the actually incurred loss. In cases where risks are insurable, parametric covers can help to make coverage more accessible and speed up claims settlement, thereby closing

the protection gap in many areas. Hannover Re develops and examines products offering parametric coverage for risks such as floods or heatwaves – not to mention cyber risks. By making claims settlement quicker and more straightforward, these solutions add value to the insurance product because the customer experiences a direct and immediate benefit. Frequently developed in public-private partnerships, such solutions could take on even greater significance in connection with climate change.

Against this backdrop, we support the Natural Disaster Fund (NDF). This invests exclusively in risk transfer instruments for natural disasters and climate risks in emerging and developing countries. Backed by our expertise in the development of risk transfer solutions that are tailored to the relevant risks and local needs, Hannover Re contributes its know-how and risk capital for relevant projects all around the world. So far, it has been possible to reach directly and indirectly altogether more than 23 million people from 55 different countries in Africa, Asia and Latin America. Numbering 19 million people, a large proportion of the beneficiaries are considered poor and vulnerable. This cover was facilitated not least thanks to the capacity made available by Hannover Re in an amount of USD 50 million. Several payments have been made, enabling the recipients to experience this financial protection first-hand.



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### Lemonade Crypto Climate Coalition

On 23 February 2022, Hannover Re joined the Lemonade Crypto Climate Coalition as a founding member. The coalition formed by Lemonade aims to bring a reliable insurance mechanism to subsistence farmers and livestock keepers in the event of unforeseeable catastrophic losses caused by extreme climate and weather events.

The majority of Africa's estimated 300 million smallholder farmers find themselves facing real climate risks to their livelihood because traditional insurance products are often unaffordable or unavailable to them. This is where the power of the Lemonade Crypto Climate Coalition comes in: farmers will be able to pay premiums and receive payments with global stablecoins or local currencies quite straightforwardly using a decentralised application (dApp) on their phone, similar to how they make bank transactions and payments today.

Initial roll-out of a pilot project in Kenya has taken place; the infrastructure and mobile telephony connection have been established and the first harvest season successfully completed. Roughly 10,000 farmers are insured under the pilot scheme.

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In 2022, 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 markets in South America, Asia and Africa. Particular mention should be made of the special role played by Hannover Re in the Peruvian market, where – in cooperation with the government and the primary insurance market – we protect smallholders in poor parts of the country against crop failures. In 2022, this programme was expanded from the five poorest Andes regions to the entire country. Over three million people benefit from this protection cover.

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 that brings together actors such as the World Bank, the United Nations, civil society and others.

The IDF's mission is aligned with the InsuResilience Vision 2025. The strategy adopted by the IDF is to use insurance and risk management capacities to improve resilience and the protection of people, communities, companies and public institutions in developing countries at risk of catastrophic events and the associated economic losses. The IDF and Hannover Re thereby contribute to fulfilment of sustainable development goals and associated UN agreements such as the Sendai Framework and the Paris Agreement.

In the year under review, more than 90 experts from seventeen (re)insurance companies and brokers as well as over 60 representatives from 22 country offices of the United Nations Development Programme took part in the various country projects. Our Chief Executive Officer Jean-Jacques Henchoz is a member of the Steering Committee. Members of staff from various Hannover Re departments are active in IDF working groups, including the Sovereign and Humanitarian Solutions Working Group (SHS), the Law, Regulation and Resilience Policies Working Group (LRRP) and the Risk Modelling Steering Group (RMSG).

We are involved in several country projects tasked with developing solutions to close the protection gap in relation to natural disasters, including in Columbia. Here, we are a partner on the project "Enhancing Medellín's Urban Resilience", the goal of which is to strengthen the resilience of the city of Medellín through the creation of financial protection against climate risks and natural catastrophes. The products proposed for the target population at the city level are currently not yet available on the local market but envisage an index-based solution for floods, earthquakes and landslides. The project funded by the InsuResilience Solutions Fund is conducted jointly with Willis Towers Watson and Global Communities. Another project in this context aims to protect various cities in Argentina against flood risks and is currently in the early stages of implementation. Hannover Re is co-leading this project.

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### Catastrophe bonds

In 2022, Hannover Re transferred altogether six catastrophe bonds with a volume of USD 1.3 billion (USD 2.7 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 clients 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.

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Since 2014 experts from Hannover Re have taken part in the Munich Climate Insurance Initiative (MCII). The goal of this membership is to operationalise various market initiatives intended to boost the resilience of countries particularly impacted by climate change under the umbrella of the United Nations Office for Disaster Risk Reduction (UNDRR). The MCII was launched as a charitable organisation by representatives of insurers, research institutes and NGOs in April 2005.

Hannover Re has been involved in the Pacific Insurance & Climate Adaptation Programme (PICAP) since 2021 and supports the Technical Advisory Committee with expertise from the field of risk modelling. 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.

As part of our cooperation with the Moroccan Ministry of Economy and Finance and the Solidarity Fund against Catastrophic Events (FSEC), we again helped to develop a traditional and a parametric insurance solution in 2022 that provides financial protection for the local population against earthquakes, floods, tsunamis and terrorism risks. This initiative was supported by the World Bank.

### Sustainable and green technologies

Technological advances and an expanding network of insurtechs and partners make it possible to offer new covers. A specialised team for index-based and parametric covers, for example, is responding to a growing number of enquiries involving hurricane and earthquake risks. Structured as “emergency cash” or loan default protection, private individuals as well as SMEs can be protected against precarious financial situations. In the renewable energy sector, too, such as wind and solar, we are seeing a steady rise in interest.

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 client through many years of operation. In addition to building and preserving specialised underwriting know-how around the world, we support special covers for the adoption of new technologies. Our facultative premium volume in 2022 amounted to EUR 37.4 million. The business relationship with a managing general agent was terminated last year, resulting in a premium decline of some EUR 6 million. This decrease was offset by new premium generated.



## Initiatives for risk assessment

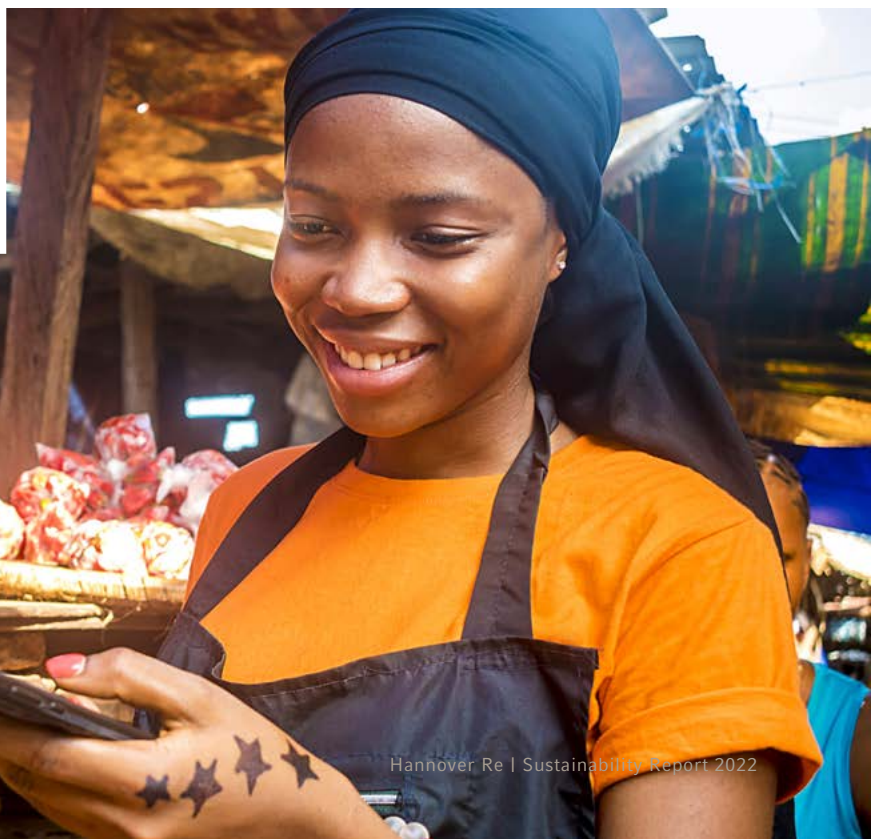
in EUR million	2022	2021	2020	2019	2018
Net premium earned <sup>1</sup>	37.4	37.4	34.2	24.7	14.2

<sup>1</sup> The calculation method was modified in 2022. The premium income for past underwriting years was recalculated to preserve comparability.

With an eye to green tech solutions, the working group for “Emerging Risks & Scientific Affairs” discusses additional issues that may go hand-in-hand with the need for new (re)insurance solutions. These include, among others, modified methods of waste disposal or recycling, cradle-to-cradle solutions, changing mobility habits, new propulsion concepts such as those in the automobile sector, new services in passenger transportation, rechargeable batteries and storage media for renewable energies. The issues of information security and cyber security are also addressed by our working group, 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 and the supply of raw materials.

When it comes to assessing natural catastrophe risks, Hannover Re works together with governments, universities and research institutions and is active in several market initiatives and oversight bodies. Through our participation in a number of initiatives we cultivate a dialogue with various globally active risk managers. This dialogue encompasses, among others, universities, other reinsurers, clients, political actors and industry associations such as the German Insurance Association (GDV).

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 eslmeRiT and eslunfallT available to its clients to enable medical assessment directly in the customer’s presence. The application eslmeRiT, 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 allows clients 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 by developing a global stochastic earthquake model. Efforts to promote cooperation in worldwide earthquake research and establish consistent standards have proven successful. The "Open Quake" model, which is now available for free online, is establishing itself as a platform used by the scientific community, governments as well as commercial and private users worldwide. The improved transparency about the risk situation in countries and cities around the globe makes it possible to objectively evaluate and mitigate the impacts of earthquakes on the population and on concentrations of values.

We are a partner supporting the Open Loss Modelling Framework (OASIS). OASIS has developed an open source simulation engine and a financial software component that are intended to enable model developers and scientists to efficiently provide natural hazard models for public and private users and the insurance industry without having to spend too much time grappling with the technical requirements for using the models and the technical needs of the industry.

The Geneva Association is an international think tank of the insurance industry that aims to identify political, economic and societal issues and risks as they relate to the insurance sector. Through Hannover Re's active involvement in the "Climate Change and Environment" working group, 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.

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

As a member of the International Insurance Law Association (AIDA/ARIAS), we also regularly share insights with insurers and reinsurers in the "Climate Change" working group on coverage concepts and on loss events that may be attributable to climate change.

In addition, we are a member of the Chief Risk Officer (CRO) Forum. 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 risk of "climate engineering" (including carbon capture) was 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 enquiries 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 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 in life and health reinsurance that will have a bearing on our business going forward – such as urbanisation and a wide range of health risks as a side-effect of climate change, the abuse of medications and obesity. In 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

The issue of mental health took on added significance in the context of the Covid-19 pandemic. Especially when accompanied by unemployment, poverty or inequality that were caused or exacerbated by the pandemic, the consumption of alcohol and drugs increased and thoughts of suicide became more prevalent.

Many insurers offered those experiencing financial difficulties as a consequence of the pandemic greater flexibility in paying their insurance premiums. The premium waivers allowed by insurers afforded customers the financial relief they desperately needed and thus helped to ease stress and protect their mental well-being. These initiatives were supported by the entire industry, and at Hannover Re we too played our part in them.

Even without the pandemic, people with psychological disorders run the risk of failing to receive adequate treatment owing to a lack of access to healthcare and limited resources of public and psychiatric healthcare services. In particular, the risk of society-wide or self-stigmatisation frequently deters sufferers from seeking help. Overcoming this stigmatisation through appropriate education is a first step towards improving the quality of life of those experiencing mental health problems. It is with this awareness that we, too, explore the issue. On our innovation platform *hr | aquarium*, our clients and business partners can find numerous approaches and solutions focused on psychological disorders such as burnout and depression. It is our expectation that as the stigma decreases more information will be provided about mental disorders in the underwriting process and claims will rise. It is therefore important that underwriters, claims assessors and product developers stay on top of developments in the field of mental health – not least to ensure that sufferers are dealt with fairly by the industry.

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### ReCent newsletters – sharing best practices

We cover a broad range of topics with our “ReCent” series of newsletters. The original edition “ReCent Medical News”, which looks at current and emerging medical trends, has since been joined by “ReCent Actuarial News”, which has a topical focus on actuarial, mathematical and stochastic issues. Not only that, some of our international entities have established similar formats in their markets, including in the United Kingdom (ReCent UK), United States (ReCent US) and Canada (ReCent Canada). By offering this service we enable our (potential) clients to profit from our global expertise and deepen our relationships with them. Depending on the thematic focus, we send the newsletters directly by e-mail to our clients and/or publish them on our homepage, on LinkedIn and in hr | Ascent, our underwriting manual for life insurance risks.

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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

As with 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 (for example insurtechs/healthtechs) so as to deliver appropriately tailored insurance solutions for groups of persons such as these that are (as yet) inadequately insured.

Challenging times such as these hit people without ready access to healthcare especially hard. We are therefore continuing our cooperation with BIMA. The combination of BIMA’s know-how in the field of health technology and our (re)insurance expertise gives people in the most far-flung corners of the globe access to digitally delivered insurance and telemedicine services – irrespective of where and when they need them.

BIMA’s focus on proactive digital health services that empower people to take their wellness into their own hands promotes the democratisation of healthcare, especially in emerging countries – a goal which Hannover Re supports through our partnership.

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.

## 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 the global network of Hannover Re's primary insurance clients with innovative partners from the insurtech sector and gives insurers access to a wide range of solutions along the entire value chain. With *hr | equarium* Hannover Re offers the insurance industry ready access to product and sales innovations and can thus contribute to decisive competitive aspects for insurers seeking to meet their customers' needs. Following the launch of *hr | equarium* in 2019, Hannover Re is opening up its innovation platform in 2022 to the entire insurance industry and thereby enabling even more insurers to directly access a pool of innovative services and solutions from insurtechs worldwide. *hr | equarium* has so far been used on a regular basis by more than 800 clients of Hannover Re from over 110 countries. Insurtechs all over the world use the platform to offer currently more than 180 solutions from innovative areas such as cyber, telematics and parametrics, among others.

In addition to the solutions available on *hr | equarium*, since April 2021 regular articles and interviews have been published with insurance industry experts as well as start-up entrepreneurs and innovative minds on sustainable, forward-looking and social issues with a bearing on (re)insurance, such as digitalisation, mental health and changing customer needs. The interviews are published on *hr | equarium* in a blog format and also shared on LinkedIn, thereby opening them up to an even larger group of readers.

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## Digital Business Accelerator

The Digital Business Accelerator for Life & Health (L&H DBA) is currently focused on two major areas of emphasis: digital health data and digital direct sales. The goal is to develop insurance products that make a positive contribution to society and enable people to understand and improve their health and wellness.

A key project is our partnership with LifeQ. LifeQ is a leading independent provider of clinical-quality biometrics and health solutions. The data are recorded using wearables worn directly on the body and transferred to LifeQ. Last year, the L&H DBA developed an insurance solution in collaboration with LifeQ. It is intended to support Hannover Re's insurance clients in their efforts to go beyond offering purely financial protection for their customers. By means of the LifeQ insurance solution, insurers are able to help their customers live longer and healthier lives. Not only that, it enables insurers to better understand and mitigate the risks of acute and chronic diseases.

In developing this insurance product we were careful to focus on inclusion. The LifeQ solution is designed to be embedded in the insurance in such a way that it not only addresses healthy people but is also accessible to those suffering from a chronic disease, for example, or those who do not have an adequate financial cushion.

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## Services

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

With our modular, automated systems "hr | ReFlex" and "hr | QUIRC" we facilitate quick and expert underwriting directly at the point of sale (for example 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, for example in paper form. In 2022 we successfully implemented our claims module. We are additionally working on a health version designed as a modular, automated system to expand our range of services for our clients in health insurance business. Furthermore, we continuously work to revise and enhance our existing services, such as our electronic underwriting manual "hr | Ascent" – which gives our clients comprehensive support for individual application assessment. In this way, we are able to map the latest market developments at all times.

We have been operating a very successful claims rehabilitation programme for lump sum and income disability products in South Africa for the last few years. It is designed to make reintegration into working life – such as after a protracted illness – as easy and uncomplicated as possible for policyholders. The average return to work rate for all individuals who participated in the programme was 37 %. This programme is facilitated by our network of occupational therapists who have an explicit focus on assisting individuals traditionally regarded as "disabled" or as having a limited working capacity 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.

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## 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 – for example 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. What is more, 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 co-operation with the Discovery Group in South Africa. By the beginning of 2023, eight primary insurers around the world had implemented the programme. Further expansion is planned, initially with a concentration on the Latin American market.

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## 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.

In the year under review, our internal positioning for the property and casualty reinsurance sector was approved, setting out this approach in greater detail and addressing further issues (for example 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 allocable exclusively to the coal industry and whose share of revenues is more than 30 %.

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, we shall 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 (reference date: 31 December 2025). The plan is to progressively reduce these thresholds in subsequent years until complete exclusion of such risks. Any expansion of existing capacities in renewal negotiations is already ruled out.

In addition to the steps described above in relation to power plant coal, the exclusions relating to oil and gas were expanded in the year under review. 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 hold 20 % or more of their oil reserves in oil sands and it excludes oil sands extraction and processing operations. Oil sands extraction and processing encompass extraction from bituminous sand, refinement of synthetic crude oil, further processing of this synthetic crude oil into petroleum products and the associated transportation by pipeline or rail.

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 and deep-sea mining.

The facultative division also declines transactions that may entail damage to protected areas classified as IUCN category 1a/b, wetlands protected under the Ramsar Convention or UNESCO world cultural heritage sites. The decision was taken in the year under review to establish the facultative division’s GHG footprint using the PCAF (Partnership for Carbon Accounting Financials) standard and set a scientifically based 2030 emissions reduction target for the GHG emissions associated with facultative reinsurance business.

In obligatory reinsurance, large-volume portfolios with sometimes heterogeneous contents are accepted. We are engaged in talks with our clients to obtain an overview of their ESG positioning and climate goals as well as their exposure to fossil fuels. An engagement approach was developed for this purpose in the year under review and the property and casualty reinsurance underwriters were trained accordingly. The approach has already been presented in the context of initial client discussions and conferences. The engagement process will be rolled out in 2023 and put into practice Group-wide by 2024.

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).

Our underwriters in property and casualty reinsurance have taken a compulsory training programme on the theme of ESG. This consists of web-based training, supplementary focus training in ESG opportunities and risks, regulatory fundamentals and key topics such as climate change, biodiversity and human rights as well as specific follow-up workshops.

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 risks 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 violations of environmental regulations or indeed practices contrary to human rights and acts of social discrimination can have implications for reinsured risks. A shift in mobility behaviour leads to changes in our motor reinsurance business. Demographic change, as a social issue, in turn has a major effect on our life and annuity reinsurance 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 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 (for example pandemic risk), the world economy, the agricultural sector (food availability and food security) and much more besides. Further examples of emerging risks include cyber risks, pandemics, scarcity of resources and supply chain risks. Early detection and 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. Operational implementation is handled by a working group of specialists assembled specially for this task. The analyses performed by this working group are used Group-wide in order to pinpoint any necessary measures (for example contractual

exclusions or the development of new reinsurance products). Altogether, we are constantly monitoring 40 emerging risks. The working group also draws up internal position papers and risk briefings, which make recommendations for risk handling in reinsurance practice. Issues relevant to our business going forward that have been analysed so far include, among many others, urbanisation and a diverse range of health risks as a side-effect of climate change, abuse of medications, environmental pollution, nanotechnology, the supply of raw materials, obesity and socio-economic inequality.

We report on risks connected with climate change as part of our TCFD reporting in the chapter “Transparency”. In addition, we also give an extensive account in our Opportunity and risk report as part of our Group Annual Report 2022.

## 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. On the other hand, ESG criteria expand the analysis of risks associated with individual sectors or issuers, for example 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 standards have been defined in writing in an internal “Responsible Investment Policy”, application of which 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. In this context, we are currently focusing on direct engagement, primarily by seeking a dialogue with companies that have comparatively high carbon intensities, frequently combined with below-average ESG

ratings. The identified issuers are principally from the energy supply, oil and gas sectors, as well as the chemical and construction industries. The dialogue is centred around the necessary 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, we support issuers on the path they have taken or limit/terminate our exposures if measures are inadequate.

Hannover Re is also increasingly adding to its asset portfolio sustainable investments that promote the transformation to a resource-efficient, sustainable economy. These include, for example, infrastructure assets, such as renewables or clean transportation, as well as investments into sustainable technologies that are explicitly committed to innovative solutions – especially for CO<sub>2</sub> reduction – and thereby facilitate an accelerated move away from fossil fuels. Last but not least, our portfolio of dedicated impact funds continues to grow. We were already invested in 22 of these specially impact-focused funds as at the reference date of 31 December 2022. In addition, we continue to invest through funds in renewables and clean transportation in the infrastructure sector as well as in sustainable forestry and agriculture funds.

The use of negative selection 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 2022, these investment classes accounted for roughly 84 % 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 are 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 compulsory/child labour, discrimination or corruption are also excluded. In the fossil fuels sector, concrete exclusion criteria are applied to issuers who generate 25 % or more of their turnover from coal mining, coal-based energy generation or oil sands extraction. We

similarly exclude companies that generate 10 % or more of their turnover from offshore oil and gas drilling within the Arctic Circle (66.34° N). 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 munition, depleted uranium and white phosphorous. 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 focus has increasingly turned to the best-in-class approach practised since 2019. This enables us to monitor the sustainability quality of the existing portfolio on an ongoing basis and is used when specific ESG portfolio measures are to be implemented.

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### **Our climate strategy on the investment side**

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

The climate strategy 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.
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# GRI Index

## About this report

2-3

With the Sustainability Report on the 2022 financial year, we are publishing annual information on social, environmental and governance topics within the Group for the twelfth 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 2022. Significant developments in 2022 have been included up until the editorial deadline in August 2023. 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. 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 further expanded the degree of coverage of the reported environmental key indicators to 96%. The data for our international locations is provided directly by the respective location.

For the Hannover location, we use data collected internally from various departments as well as consumption data obtained from the bills received from our electricity and heating supplier. When it comes to calculating the CO<sub>2</sub> emissions from district heating, we take the specific emission factors of the local utility company (enercity) as a basis. Data for paper is provided by our supplier.

The calculations of our service provider First Climate are used to determine our CO<sub>2</sub> emissions.

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

102-55

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

<b>Explanation of use</b>	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.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

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

Disclosure		Page(s)	UNGC Principle	PSI
<b>The organization and its reporting practices</b>				
2-1	Organizational details	8		
2-3	Reporting period, frequency and contact point	85		
<b>Activities and workers</b>				
2-6	Activities, value chain and other business relationships	8–10		
2-7	Employees	48–50		
<b>Governance</b>				
2-9	Governance structure and composition	30–32, 37		
2-10	Nomination and selection of the highest governance body	30–32		
2-11	Chair of the highest governance body	31		
2-14	Role of the highest governance body in sustainability reporting	14, 15		
2-20	Process to determine remuneration	32, 55		
<b>Strategy, policies and practices</b>				
2-22	Statement on sustainable development strategy	5–6		
2-28	Membership associations	34–35		
<b>Stakeholder engagement</b>				
2-30	Collective bargaining agreements	55		

## Material topics

Standard	Disclosure	Page(s)	UNGC Principle	PSI
<b>Material topics</b>				
GRI 3:	3-1: Process to determine material topics	17		
Material topics 2021	3-2 List of material topics	17–21		
<b>Material topics: Good Governance</b>			6, 10	1
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 30, 66		
GRI 405: Diversity and equal opportunity 2016	405-1: Diversity of governance bodies and employees	62		
<b>Material topics: Compliance</b>			1–6, 10	
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 22–24, 26–27		
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	24		
<b>Material topics: Risk management</b>				
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 22, 40		
Own disclosure	Own disclosure Integration of ESG risks in risk management	22, Group Annual Report 2022 p. 85		
<b>Material topics: Dialogue</b>			8	2–4
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 36		
<b>Material topics: ESG in insurance business</b>			7	1–3
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 81		
<b>Material topics: Sustainable Protection</b>			7–9	1–3
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 70		
<b>Material topics: ESG in asset management</b>			1–10	1–3
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 83		
<b>Material topics: Climate change</b>			7–9	1–4
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 36, 38		
<b>Material topics: Employee health</b>			1–2	
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 60		
GRI 403: Occupational Health and Safety 2016	403-1: Workers representation in formal joint management-worker health and safety committees	60		
<b>Material topics: Attractiveness as employer</b>			1–6	
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 52		
<b>Material topics: Learning and development</b>				
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 58		
GRI 404: Training and Education 2016	404-2: Programs for upgrading employee skills and transition assistance programs	58		

## Material topics

Standard	Disclosure	Page(s)	UNGC Principle	PSI
<b>Material topics: Diversity and equal opportunities</b>			1–6	
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 62, 67		
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	62		
<b>Material topics: Human rights</b>			1–6, 10	
GRI 3: Material Topics 2021	3-3: Management of material topics	13, 16, 33–35		
<b>Material topics: Covid-19</b>				
GRI 3: Material Topics 2021	3-3: Management of material topics	Group Annual Report 2022 (Report on economic position from p. 21)		

## Further topic specific disclosures 2016

Disclosure		Page(s)	UNGC Principle	PSI
401-3	Parental leave	64	6	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	60	1–2	
403-4	Health and safety topics covered in formal agreements with trade unions	60	1–2	
406-1	Incidents of discrimination and corrective actions taken	62	1–2, 6	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	24	1–2	



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102-53

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## **Published by**

### **Hannover Rück SE**

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

**Published in September 2023**

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