

somewhat  
different



## Sustainability Report 2015

# Foreword by the Chairman of the Executive Board

---

From a strategic standpoint, it is absolutely essential for us to position Hannover Re in the market in such a way that we can operate successfully in the prevailing more challenging business climate. In so doing, we must consider not only the necessary short-term success, but also lasting success from the medium- and long-term perspective. This was a point of emphasis in formulating our vision for the new strategy cycle 2015 to 2017 – "Long-term success in a competitive business".





## Foreword by the Chairman of the Executive Board

### Ladies and gentlemen,

The 2015 financial year was an exceptionally successful one for our company. The Group net income of EUR 1,150.7 million was the highest to date in company history and surpassed the one billion mark for the first time. Our two business groups of Property & Casualty and Life & Health reinsurance contributed in equal measure to the result. This performance is all the more gratifying because market conditions for Reinsurers remained challenging in the year just ended and, furthermore, the protracted low level of interest rates limited our potential returns on the investment side. Particularly in property and casualty reinsurance, the market environment was notable for its intense competition and associated rate reductions. Of crucial significance here has been the fact that losses due to natural catastrophe events were lower than anticipated over the last four years, prompting a growing inflow of capacity into the markets both from traditional reinsurers and in the form of so-called alternative capital from pension and hedge funds as well as other investors. Our very good market position, our long-standing stable customer relationships and our robust financial strength ratings have nevertheless enabled us – even in this difficult climate – to continue to write business selectively and at conditions that meet our margin requirements.

From a strategic perspective, it is absolutely essential that we position Hannover Re in the market in such a way we can operate successfully in the present more challenging business environment. In so doing, we need to have an eye not only to the necessary short-term success, but must also strive just as much for sustainable success over the medium and long term. This was a primary point of emphasis in defining our vision for the new strategy cycle 2015 to 2017 – "Long-term success in a competitive business".

Our Sustainability Strategy for the years 2015 to 2017 – elaborated as a complement to our Group Strategy – has been drawn up on the basis of a materiality analysis. It defines four action fields and additionally specifies 14 concrete goals and 42 measures. In 2015 we have already taken the first steps towards achieving the goals that we set ourselves:

As far as our core business is concerned, in the growing market for microinsurance products we intensified our cooperation with primary insurers in Pakistan, the Philippines and Indonesia. Furthermore, the protection of agricultural production is of considerable relevance to the development of more deprived regions. In the year under review, therefore, we continued our cooperative efforts with government and international organisations to expand agricultural insurance. We have encouraged the development of products in response to climate change, such as weather insurance and coverage for energy-saving warranties, inter alia by supporting the extension of energy-saving warranties to other European countries. Through our activities in the area of Insurance-Linked Securities (ILS) we take an active part in the development of index-based Disaster Finance concepts, which guarantee rapid financial aid for countries in South America and Asia in the

aftermath of natural disasters. In this way we are responding systematically to changing global risk structures and we are playing a vital role in helping to increase insurance density, not only in mature but also in developing and emerging markets.

In life and health reinsurance demographic changes around the world are leading to stronger demand for reinsurance in the area of longevity solutions. We are also seeing rising demand for so-called lifestyle insurance products, where the premium is linked to an insured's healthy lifestyle (e.g. fitness and nutritional habits). Demand for these products, which are similarly reinsured by Hannover Re, is particularly lively in Australia, South Africa and the United States.

Economic, environmental and social sustainability forms the cornerstone of our Group's continued stable business development and is crucial to the expansion of our position as one of the leading globally operating reinsurers. In addition to keeping a close eye on growth opportunities and the insurability of emerging risks (such as cyber risks and renewable energies), the industry is increasingly turning its focus to new competitors and innovative business models (InsurTechs).

"Journey Re", the project launched as part of our Global Management Forum 2015, takes aim at just such future topics. One of the project objectives is to identify new and profitable growth sources in both business groups of Property & Casualty and Life & Health reinsurance and to work in concert with young specialists from various countries at the Berlin, Boston, Dublin und Johannesburg locations on the development of innovative and disruptive business models for reinsurance.

We also set great store by sustainability in the management of our investments. With this in mind, in the year under review we appointed a responsible ESG (Environmental, Social and Governance) officer on the investment team. Not only that, the existing ESG Investment Policy was refined and supplemented with a best-in-class investment approach. Altogether, around 90% of our investments are screened half-yearly on the basis of ESG criteria.

Our staff are crucial to the success of our company. We have made it our goal to support their health, foster their skills and qualifications and encourage their diversity. The setting up of two new working groups to arrange counselling opportunities for employees experiencing personal crises and to ensure re-entry into the workplace after illness is just one example of this aspiration. In addition, we have embarked on another round of our mentoring programme for women, which is intended to enable female employees of our company to play an active part in shaping their future career path.

The reduction of environmental impacts from our business activities is another of our goals. We wanted to operate on a climate-neutral basis by the year 2015. We achieved this goal to a level of 97% both through concrete measures such as the changeover to green energy

and by paying offsets for all business travel. The remaining 3% derives from the use of district heating that has not yet been offset as well as from our paper consumption. Continuous improvement in this field is an integral component of our Environmental Management System. The latter was successfully recertified in the year under review in accordance with the international standard ISO 14001. For the current 2016 financial year we are planning to change over to an environmental statement in conformity with the more extensive EMAS (Eco-Management and Audit Scheme) guidelines including appropriate validation.

With the release of the present Sustainability Report on the 2015 financial year Hannover Re is publishing information on social, environmental and governance issues within the Group for the fifth year in succession. Our report was once again compiled on the basis of the internationally recognised guidelines of the Global Reporting Initiative (GRI) including the supplementary Financial Services Sector Disclo-

sures – for the first time this year in accordance with Version 4.0 (G4) and its greater focus on "materiality" for the reporting organisations. The current report therefore reflects even more clearly than before the topics and challenges that are material to our sustainable development.

I hope you will enjoy reading this report and would welcome your engagement in a dialogue with us.

Yours sincerely,



Ulrich Wallin  
Chairman of the Executive Board

# Organisational Profile

---

Hannover Re, with gross premium of more than EUR 17 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 roughly 2,500 staff. Established in 1966, the Hannover Re Group today has a network of more than 100 subsidiaries, branches and representative offices world-wide. The German business of the Hannover Re Group is transacted by our subsidiary E+S Rück.



# Company portrait

## About us

Hannover Re, with gross premium of more than EUR 17 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 roughly 2,500 staff. Established in 1966, the Hannover Re Group today has a network of more than 100 subsidiaries, branches and representative offices worldwide. The German business of the Hannover Re Group is transacted by our subsidiary E+S Rück.

The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück very good financial strength

ratings: Standard & Poor's "AA-" (Very Strong) and A.M. Best "A+" (Superior).

Hannover Re can look back on 50 successful years in the reinsurance business. Along with our excellent financial strength ratings, our high degree of diversification and balanced risk management ensure that we can enjoy lasting success even in a competitive market. The respected UK insurance magazine "Reactions" named us "Reinsurance Company of the Year" for the second time in a row this year. Going forward, too, we intend to respond to new developments and challenges with innovative ideas and concepts. This year, for example, as part of the project entitled "Journey Re" we have launched a competition in which talented and dedicated career starters in the reinsurance industry have the opportunity to inject fresh momentum into our business operations.

Our vision: Long-term success in a competitive business.

More information on the topic at

-  AR 2015: Business development
-  AR 2015: History
-  Website: Journey Re



## Hannover Re at a glance

- Worldwide reinsurance, transacting all lines of property & casualty and life & health reinsurance
- Gross premium volume of EUR 17.1 billion with growth of 18.8% year-on-year
- Roughly 2,500 employees
- Over 5,000 insurance clients in some 150 countries
- More than 100 subsidiaries, branches and representative offices worldwide
- Operationally and financially independent – despite majority shareholder: 50.2% held by Talanx AG

Hannover Re, with gross premium of around EUR 17 billion, is the third-largest reinsurer in the world. We transact reinsurance business in our business groups of Property & Casualty and Life & Health reinsurance. The strategy pursued in both these business groups supports our Group's paramount mission: "Long-term success in a competitive business".

Our profit and growth targets are pivotal to the Group strategy. Profitability and value creation are the foundations of our sustainable development in the interests of our clients, shareholders, employees and business partners. With this in mind, our goal is to achieve economic success while at the same time acting in accordance with the needs of our staff and the company and giving due consideration to protection of the environment and conservation of natural resources. The targets set are regularly analysed and adjusted as necessary according to a three-year cycle. Non-financial targets are specified in concrete terms in, inter alia, the sustainability strategy.

Our integrated enterprise management system "Performance Excellence 2.0" supports Hannover Re in the accomplishment of its strategic objectives. In this regard, each organisational unit of the Hannover Re Group defines its own contribution to the Group strategy. In this way we ensure that all initiatives and measures within Hannover Re are rigorously linked to our corporate strategy.

We generate competitive advantages to the benefit of our clients and shareholders by conducting our insurance business with the lowest administrative expenses in our industry. This is made possible by, among other things, lean organisational structures, a uniform global IT infrastructure, centralised underwriting in property and casualty reinsurance, the efficient allocation of capital and the use of hybrid capital in order to optimise our cost of capital. In this way we deliver above-average profitability while at the same time being able to offer our customers reinsurance protection on competitive terms.

Guided by a clearly defined risk appetite, our risk management steers the company so as to be able to act on business opportunities while securing our financial strength on a lasting basis.

Through the acceptance of reinsurance risks with largely little or no correlation in our Property & Casualty and Life & Health business groups across all lines of business and based on our global presence, we are able to achieve efficient risk diversification. In conjunction with our capital management, this is the key to our comparatively low cost of capital.

We transact primary insurance in selected market niches as a complement to our core reinsurance activities. In this context, we always work together with partners from the primary insurance sector.

More information on the topic at



Strategy and Management



AR 2015: Business model

## Organisational profile

### The operational Group structure

The Hannover Re Group is organised according to strategic business groups, i.e. split into Property & Casualty and Life & Health reinsurance.

Of the total gross premium of EUR 17.1 billion written in 2015, 55% was attributable to property and casualty reinsurance and 45% to life and health reinsurance.

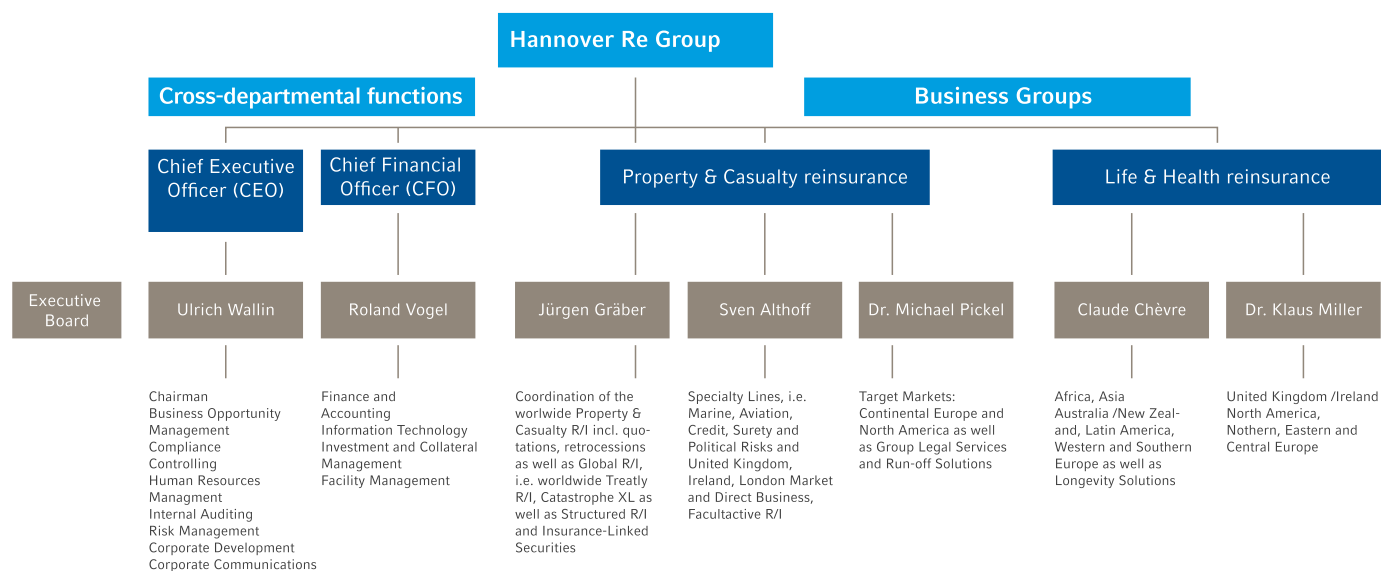
In property and casualty reinsurance we assume risks in accordance with our margin-oriented underwriting policy from our clients, thereby enabling our clients to reduce their underwriting risks. Reflecting the areas of Board responsibility, we break the business group down into the following three subsegments:

1. target markets, which we have defined as Continental Europe and North America,
2. specialty lines, i.e. marine, aviation, credit, surety and political risks, facultative reinsurance as well as the United Kingdom, Ireland, London Market and direct business,
3. global reinsurance, i.e. worldwide treaty reinsurance, natural catastrophe business as well as structured reinsurance and Insurance-Linked Securities.

Hannover Re reports the business that it writes in life and health reinsurance split into the categories of financial solutions and risk solutions. The latter category is, in turn, differentiated according to the risk types of longevity, mortality and morbidity. In addition to life and health insurers, our clientele in the Life & Health reinsurance business group includes banks, sales companies and pension funds.

In addition to the regional and treaty divisions, the main departments of Hannover Re are Business Opportunity Management and Risk Management, Controlling, Finance and Accounting, Information Technology, Investments, Human Resources Management, Group Legal Services and Compliance, Group Auditing, Corporate Development, Corporate Communications and Facilities Management.

#### Our operational Group structure



R/I = Reinsurance



## The Group's worldwide presence

Hannover Rück SE operates globally and is represented by a network of 130 subsidiaries, affiliates, branches and representative offices with a total workforce of 2,568 (valid: 31 December 2015). In addition to the Home Office in Hannover (52.1% of the workforce), our major locations are in the United States (11.0% of the workforce) as well as the United Kingdom and South Africa (each accounting for 6.1% of the workforce).

The registered office of the Group company International Insurance Company of Hannover SE, London (Inter Hannover SE), was relocated from the United Kingdom to Hannover, Germany, in the 2015 financial year. Inter Hannover SE has been licensed to commence insurance operations in Germany and was entered in the commercial register in January 2015.

Further material changes in the Group structure of Hannover Re are listed in the Group Annual Report 2015. These include the major acquisitions and new formations, disposals and retirements as well as other corporate changes.

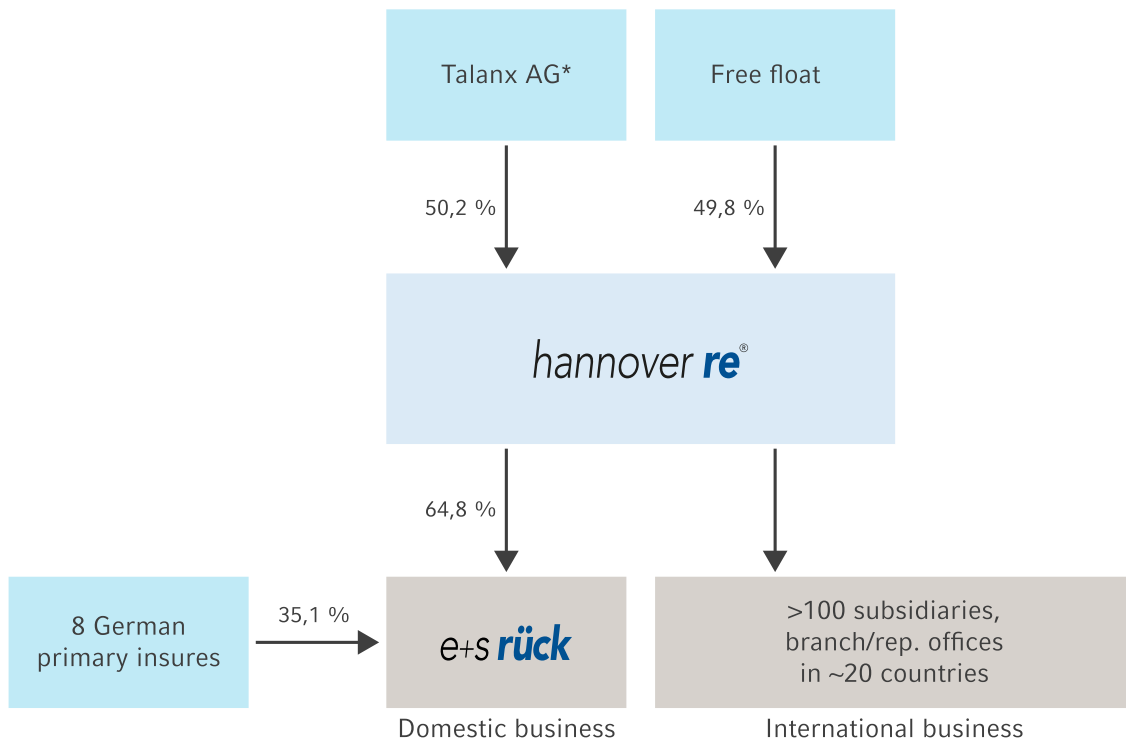
### The Group worldwide



A complete list of our shareholdings is provided on [page 160 et seq. of the Annual Report 2015](#).

## Shareholder structure

The long-standing principal shareholder of Hannover Re is Talanx AG. It is majority-owned by "Haftpflichtverband der Deutschen Industrie" (HDI). As a mutual insurance company, HDI's long-term orientation contributes to attainment of our goal of sustainable value creation.



\* Majority shareholder HDIV.a.G.

More information on the topic at

- [AR 2015: Life & Health reinsurance](#)
- [AR 2015: Property & Casualty reinsurance](#)
- [AR 2015: Notes 4.3](#)
- [AR 2015: Notes 4.4](#)
- [AR 2015: Notes 4.5](#)
- [Website: Shareholder structure](#)

## Product portfolio

### Property & Casualty reinsurance

In property and casualty reinsurance Hannover Re assumes risks from primary insurers in accordance with its margin-oriented underwriting policy. This risk transfer enables our clients to reduce their underwriting risks and optimise their capital requirement. In this way, our clients can increase their underwriting capacity and take on additional attractive risks.

Based on its prudent reserving policy and low expense ratio, Hannover Re is one of the most profitable property and casualty reinsurers in the world. Our value proposition encompasses:

- Customised solutions: Comprehensive range of products that can be tailored to the needs of our customers
- Solution-driven: Constant monitoring of the markets in order to identify promising future trends and lines of business
- Flexible organisation: Utilisation of all sales channels, i.e. both direct contacts and through intermediaries
- Fair and accessible: Short communication channels to our clients facilitate quick solutions

A centralised underwriting policy combined with local talent is the key to our success; it ensures consistent underwriting decisions. Our effective cycle management with a focus on profitability constitutes the basis for selective growth: we expand our market shares only during hard market phases or following market-changing events.

#### Key figures for Property & Casualty reinsurance

in EUR million	2015	+/- previous year	2014	2013	2012 <sup>1</sup>	2011
Gross written premium	9,338.0	+18.2%	7,903.4	7,817.9	7,717.5	6,825.5
Net premium earned	8,099.7	+15.5%	7,011.3	6,866.3	6,854.0	5,960.8
Underwriting result	432.2	+23.0%	351.5	335.5	272.2	(268.7)
Net investment income	945.0	+12.0%	843.6	781.2	944.5	845.4
Operating result (EBIT)	1,341.3	+12.6%	1,190.8	1,061.0	1,091.4	599.3
Group net income	914.7	+10.3%	829.1	807.7	685.6	455.6
Earnings per share in EUR	7.58	+10.3%	6.88	6.70	5.68	3.78
EBIT margin <sup>2</sup>	16.6%		17.0%	15.5%	15.9%	10.1%
Retention	89.3%		90.6%	89.9%	90.2%	91.3%
Combined ratio <sup>3</sup>	94.4%		94.7%	94.9%	95.8%	104.3%

<sup>1</sup> Adjusted pursuant to IAS 8

<sup>2</sup> Operation result (EBIT)/net premium earned

<sup>3</sup> Including expenses on funds withheld and contract deposits

### Life & Health reinsurance

In life and health reinsurance Hannover Re offers its customers reinsurance concepts and solutions that are tailored to their needs. By giving

them access to our extensive databases we assist primary insurers with, among other things, medical underwriting and pricing. This enables our customers to write their business sustainably. We support promising start-ups with financing to cover their initially high business acquisition costs.



Hannover Re acts responsively, flexibly, efficiently and undogmatically, making it one of the leading life and health reinsurers with a global presence. Our value proposition encompasses:

- Financial solutions: Includes both standardised solutions and tailor-made reinsurance structures to optimise efficient capital and liquidity management for our customers
- Risk solutions: Competitive conditions, capacity and reinsurance solutions for all types of underwriting risks
- Longevity (longevity risks, annuities)
- Mortality
- Morbidity (health and disability products)
- Service offer: customised services, e. g. to optimise sales and underwriting processes

We offer reinsurance concepts and solutions with a clear focus on growth markets, underserved end consumers in the life and health insurance market, alternative sales channels, risks that are difficult to quantify as well as companies in transition. We cultivate our customer relationships as long-term partnerships with the goal of developing needs-based solutions for the individual requirements of our customers.




### Key figures for Life & Health reinsurance

in EUR million	2015	+/- previous year	2014	2013	2012 <sup>1</sup>	2011
Gross written premium	7,730.9	+19.7%	6,458.7	6,145.4	6,057.9	5,270.1
Net premium earned	6,492.4	+20.0%	5,411.4	5,359.8	5,425.6	4,788.9
Investment income	709.2	+15.5%	614.2	611.5	685.1	512.6
Claims and claims expenses	5,459.0	+17.7%	4,636.2	4,305.7	4,023.5	3,328.6
Change in benefit reserve	101.1		28.6	146.5	529.4	619.7
Commissions	1,075.1	+13.6%	946.4	1,169.0	1,098.0	985.8
Own administrative expenses	197.3	+12.3%	175.7	156.7	144.1	130.6
Other income/expenses	35.9	+43.1%	25.1	(42.9)	(36.7)	(19.2)
Operating result (EBIT)	405.1	+53.6%	263.8	150.5	279.0	217.6
Net income after tax	289.6	+41.3%	205.0	164.2	222.5	182.3
Earnings per share in EUR	2.40	+41.3%	1.70	1.36	1.84	1.51
Retention	84.2%		83.9%	87.7%	89.3%	91.0%
EBIT margin <sup>2</sup>	6.2%		4.9%	2.8%	5.1%	4.5%

<sup>1</sup> Adjusted pursuant to IAS 8

<sup>2</sup> Operating result(EBIT)/net premium earned

More information on the topic at

-  Product responsibility
-  Website: Property and casualty reinsurance
-  Website: Life and health reinsurance

## Key figures

Based on the year-end closing price of EUR 105.65 the market capitalisation of the Hannover Re Group as at the end of the financial year amounted to EUR 12.7 billion and was thus EUR 3.7 billion or 40.9% higher than the previous year's figure of EUR 9.0 billion.

### Key figures

Figures in EUR million	2015	+/- previous year	2014	2013	2012 <sup>1</sup>	2011
<b>Results</b>						
Gross written premium	17,068.7	+18.8%	14,361.8	13,963.4	13,774.2	12,096.1
Net premium earned	14,593.0	+17.5%	12,423.1	12,226.7	12,279.2	10,751.5
Net underwriting result	93.8		(23.6)	(83.0)	(96.9)	(535.8)
Net investment income	1,665.1	+13.1%	1,471.8	1,411.8	1,655.7	1,384.0
Operating result (EBIT)	1,755.2	+19.7%	1,466.4	1,229.1	1,393.9	841.4
Group net income	1,150.7	+16.7%	985.6	895.5	849.6	606.0
<b>Balance sheet</b>						
Policyholders' surplus	10,267.3	+0.3%	10,239.5	8,767.9	8,947.2	7,338.2
Equity attributable to shareholders of Hannover Rück SE	8,068.3	+6.9%	7,550.8	5,888.4	6,032.5	4,970.6
Non-controlling interests	709.1	+1.0%	702.2	641.6	681.7	636.0
Hybrid capital	1,489.9	-25.0%	1,986.5	2,237.8	2,233.0	1,731.6
Investments (excl. funds withheld by ceding companies)	39,346.9	+8.6%	36,228.0	31,875.2	31,874.4	28,341.2
Total assets	63,214.9	+4.6%	60,457.6	53,915.5	54,811.7	49,867.0
<b>Share</b>						
Earnings per share (basic and diluted) in EUR	9.54	+16.7%	8.17	7.43	7.04	5.02
Book value per share in EUR	66.90	+6.9%	62.61	48.83	50.02	41.22
Dividend	572.8	+11.8%	512.5	361.8	361.8	253.3
Dividend per share in EUR	3.25 + 1.50 <sup>2</sup>	+11.8%	3.00 + 1.25 <sup>2</sup>	3.00	2.60 + 0.40 <sup>2</sup>	2.10
Share price at year-end in EUR	105.65	+40.9%	74.97	62.38	58.96	38.325
Market capitalisation at year-end	12,741.1	+40.9%	9,041.2	7,522.8	7,110.4	4,621.9

Ratios						
Combined ratio (property and casualty reinsurance) <sup>3</sup>	94.4%		94.7%	94.9%	95.8%	104.3%
Large losses as percentage of net premium earned (property and casualty reinsurance) <sup>4</sup>	7.1%		6.1%	8.4%	7.0%	16.5%
Rentention	87.0%		87.6%	89.0%	89.8%	91.2%
Return on investment (excl. funds withheld by ceding companies) <sup>5</sup>	3.5%		3.3%	3.4%	4.1%	4.1%
EBIT margin <sup>6</sup>	12.0%		11.8%	10.1%	11.4%	7.8%
Return on equity (after tax)	14.7%		14.7%	15.0%	15.4%	12.8%

<sup>1</sup> Adjusted pursuant to IAS 8

<sup>2</sup> Dividend of EUR 3.25 plus special dividend of EUR 1.50 for 2015, EUR 3.00 plus special dividend of EUR 1.25 for 2014 and EUR 2.60 plus special dividend of EUR 0.40 for 2012

<sup>3</sup> Including expenses on funds withheld and contract deposits

<sup>4</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 (until 31 December 2011: in excess of EUR 5 million gross)

<sup>5</sup> Excluding effects from ModCo derivatives and inflation swaps

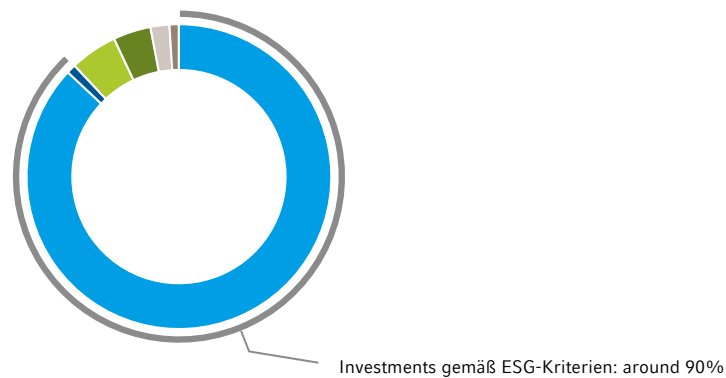
<sup>6</sup> Operating result (EBIT) / net premium earned

#### Key personnel indicators of the Hannover Re Group and at the Hannover location

	2015	+/- previous year	2014	2013	2012	2011	2010	2009	2008
<b>Hannover Re Group</b>									
Number of employees	2,568	1.3%	2,534	2,419	2,312	2,217	2,192	2,069	1,812
Women	1,313	0.8%	1,303	1,243	1,192	1,156	1,139	1,090	943
Men	1,255	1.9%	1,231	1,176	1,120	1,061	1,053	979	869
<b>Hannover location</b>									
Number of employees	1,337	3.7%	1,289	1,219	1,164	1,110	1,089	1,032	963
Age structure									
Up to age 29	165	3.1%	160	149	141	140	157	165	133
Ages 30 to 49	864	1.1%	855	814	789	754	743	698	677
Aged 50 and over	308	12.4%	274	256	234	216	189	169	153
Proportion of women in management positions	16.0%	1.0%p	17.0%	15.6%	16.8%	15.5%	12.3%	12.0%	11.8%
Average number of training days per employee	6.1	41.9%	4.3	3.7	5.0	5.0	5.0	6.5	8.0
Staff turnover rate	2.5%	+1.0%p	1.5%	2.8%	2.8%	4.3%	1.9%	2.3%	3.3%
Absenteeism	3.8%	+0.2%p	3.6%	3.4%	3.5%	3.4%	3.0%	3.2%	2.7%



**Asset allocation of the Hannover Re Group as at 31 December 2015**  
**~90% of investments are subject to Environmental, Social and Governance (ESG) criteria**



- Fixed-income securities: 87%
- Listed equities: 1%
- Short-term investments and cash: 5%
- Real estate and real estate funds: 4%
- Private Equity: 2%
- Other: 1%

Book value 2015: EUR 39.8 billion

**Key environmental indicators of Hannover Re at the Hannover location**

	2015 <sup>1</sup>	+/- previous year	2014 <sup>1</sup>	2013 <sup>1</sup>	2012 <sup>2</sup>	2011 <sup>3</sup>
Total workforce	2,568	+1.3%	2,534	2,419	2,312	2,217
Employees at the Hannover location	1,337	+ 3.7%	1,289	1,219	1,164	1,110
Electricity (in kWh)	8,868,345	-1.1%	8,969,975	9,114,482	8,802,262	8,214,917
Heat (in kWh)	2,746,698	-0.1%	2,748,014	3,359,694	2,319,854	1,859,119
Water (in l)	17,088,000	+12.6%	15,176,000	15,778,000	14,961,000	14,464,500
Paper (in sheets)	6,600,810	-12.6%	7,551,200	8,502,060	8,766,000	9,172,180
Waste (in kg)	156,880	-19.0%	193,760	214,250	205,790	257,400
Business trips (in km)	20,530,043	+0.4%	20,447,867	18,185,062	16,654,504	17,658,598
CO <sub>2</sub> emissions <sup>4</sup> (in kg)	8,581,000	+10.0%	7,798,000	7,203,000	4,984,000	8,123,000
Data capture percentage of the environmental indicators (in % of Group employees)	52.1%	+1.2%p	50.9%	50.4%	50.3%	50.1%

<sup>1</sup> All premises at the Hannover location (Karl-Wiechert-Allee 50 and 57, Roderbruchstraße 21 and 26 as well as infant daycare centre)

<sup>2</sup> All premises at the Hannover location (Karl-Wiechert-Allee 50 and 57 (pro rata), Roderbruchstraße 21 and 26 as well as infant daycare centre)

<sup>3</sup> Karl-Wiechert-Allee 50, Roderbruchstraße 21 und 26 as well as infant daycare centre, Hannover

<sup>4</sup> Karl-Wiechert-Allee 50, Roderbruchstraße 26 as well as infant daycare centre, Hannover

<sup>5</sup> Radiative Forcing Index: 2.7

## Executive Board

The Executive Board of Hannover Re is comprised of 7 members. Appointed by the Supervisory Board, they ensure the elaboration and implementation of a consistent business policy in keeping with the company's strategic objectives. With shareholders in mind, importance is expressly attached to an organisation that facilitates cost-efficient, quick and unbureaucratic decision processes. Open and trusting cooperation geared to the collective interest is the cornerstone of suc-

cess. In this context, the members of the Executive Board bear joint responsibility for the overall management of business. Irrespective of their shared responsibility, each individual member of the Executive Board leads their assigned area of competence at their own responsibility within the bounds of the resolutions adopted by the Executive Board.



From left to right: Roland Vogel, Ulrich Wallin, Claude Chèvre, Dr. Klaus Miller, Sven Althoff, Dr. Michael Pickel, Jürgen Gräber

## Ulrich Wallin

### Chief Executive Officer

Business Opportunity Management  
Compliance  
Controlling  
Human Resources Management  
Internal Auditing  
Risk Management  
Corporate Development  
Corporate Communications

## Roland Vogel

Finance and Accounting  
Information Technology  
Investment and Collateral Management  
Facility Management

## Claude Chèvre

Life & Health Reinsurance

- Africa, Asia, Australia / New Zealand, Latin America, Western and Southern Europe
- Longevity Solutions

## Dr. Klaus Miller

Life & Health Reinsurance

- United Kingdom / Ireland, North America, Northern, Eastern and Central Europe

## Dr. Michael Pickel

Group Legal Services  
Run-Off Solutions  
Target Markets in Property & Casualty Reinsurance:

- North America
- Continental Europe

## Sven Althoff

Speciality Lines Worldwide

- Marine
- Aviation
- Credit, Surety and Political Risks
- United Kingdom, Ireland, London Market and Direct Business
- Facultative Reinsurance




## Jürgen Gräber

Global Reinsurance

- Worldwide Treaty Reinsurance
- Catastrophe XL (Cat XL)
- Structured Reinsurance and Insurance-Linked Securities

Coordination of Property & Casualty Reinsurance Business Group  
Quotations  
Retrocessions

More information on the topic at

-  Management structure
-  AR 2015: Declaration on Corporate Governance
-  Website: Executive Board



## Supervisory Board

The Supervisory Board of Hannover Re is comprised of nine members. Six members are elected by the shareholders at the Annual General Meeting, three members are appointed by the Employee Council. In accordance with its role, the Supervisory Board appoints the members of the Executive Board and performs its oversight and supervisory functions. The Articles of Association of Hannover Rück SE, supplemented by the Rules of Procedure of the Executive Board, define the specific matters that require the consent of the Supervisory Board or its Chairman.

The following shows the details of memberships of legally required supervisory boards and comparable control boards at other domestic and foreign business as of 31 December 2015.

---

**Herbert K. Haas<sup>1,2,4</sup>**

Burgwedel

**Chairman**

**Chief Executive Officer of Talanx AG**

**Chief Executive Officer of HDI Haftpflichtverband der Deutschen Industrie V.a.G.**

**Additional mandates held on supervisory boards/comparable control boards:**

- Chairman of the Supervisory Board of E+S Rückversicherung AG, Hannover
- Chairman of the Supervisory Board of HDI Global SE, Hannover
- Chairman of the Supervisory Board of HDI Kundenservice AG, Cologne
- Chairman of the Supervisory Board of Talanx Deutschland AG, Hannover
- Chairman of the Supervisory Board of Talanx International AG, Hannover
- Chairman of the Supervisory Board of Talanx Systeme AG, Hannover
- Member of the Advisory Board of Norddeutsche Landesbank Girozentrale, Hannover

---

**Dr. Klaus Sturany<sup>1</sup>**

Ascona, Switzerland

**Deputy Chairman**

**Former member of the Executive Board of RWE AG**

**Additional mandates held on supervisory boards/comparable control boards:**

- Member of the Supervisory Board of Bayer AG, Leverkusen
- Member of the Administrative Board of Sulzer AG, Winterthur/Switzerland

---

**Wolf-Dieter Baumgart<sup>1,2,4</sup>**

Berg

**Former Chief Executive Officer of Talanx AG and HDI Haftpflichtverband der Deutschen Industrie V.a.G.**

**Additional mandates held on supervisory boards/comparable control boards:**

- Member of the Advisory Board of E+S Rückversicherung AG, Hannover
- Chairman of the Supervisory Board of Talanx AG, Hannover
- Chairman of the Supervisory Board of HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover
- Member of the Administrative Board of HDI Assicurazioni S.p.A., Rome/Italy

---

**Frauke Heitmüller<sup>5</sup>**

Hannover

**Employee**

**Additional mandates held on supervisory boards/comparable control boards:**

- No additional mandates
-

**Otto Müller<sup>5</sup>**

Hannover

**Employee**

**Additional mandates held on supervisory boards/comparable control boards:**

- Member of the Supervisory Board of Talanx AG, Hannover

---

**Dr. Andrea Pollak<sup>4</sup>**

Vienna, Austria

**Independent management consultant**

**Additional mandates held on supervisory boards/comparable control boards:**

- Chairwoman of the Advisory Board of Kuchen-Peter Backwaren GmbH, Hagenbrunn/Austria
- Member of the Advisory Board of Industrie Holding GmbH, Vienna/Austria

---

**Dr. Immo Querner**

Celle

**Member of the Board of Management of Talanx AG**

**Member of the Board of Management of HDI Haftpflichtverband der Deutschen Industrie V.a.G.**

**Additional mandates held on supervisory boards/comparable control boards:**

- Member of the Supervisory Board of E+S Rückversicherung AG, Hannover
- Chairman of the Supervisory Board of Talanx Asset Management GmbH, Cologne
- Chairman of the Administrative Board of Talanx Finanz (Luxemburg) S.A., Luxembourg
- Deputy Chairman of the Supervisory Board of AmpegaGerling Investment GmbH, Cologne
- Deputy Chairman of the Supervisory Board of Talanx Immobilien Management GmbH, Cologne
- Deputy Chairman of the Supervisory Board of Talanx Reinsurance Broker GmbH, Hannover
- Deputy Chairman of the Supervisory Board of Talanx Service AG, Hannover
- Member of the Supervisory Board of Talanx International AG, Hannover
- Member of the Supervisory Board of Talanx Systeme AG, Hannover
- Member of the Board of Directors Talanx Re (Ireland) Limited, Dublin/Ireland
- Member of the Supervisory Board of Caplantic GmbH, Hannover
- Member of the Supervisory Board of BÖAG Börsen AG, Hannover
- Member of the Supervisory Board of Tertia Handelsbeteiligungsgesellschaft mbH, Cologne
- Member of the Stock Exchange Council of the Frankfurt Stock Exchange (Deutsche Börse AG), Frankfurt/Main

---

**Dr. Erhard Schipporeit<sup>2,3</sup>**

Hannover

**Independent management consultant**

**Additional mandates held on supervisory boards/comparable control boards:**

- Member of the Supervisory Board of HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover
- Member of the Supervisory Board of Talanx AG, Hannover
- Member of the Supervisory Board of BDO AG, Hamburg
- Member of the Supervisory Board of Deutsche Börse AG, Frankfurt/Main
- Member of the Supervisory Board of Fuchs Petrolub SE, Mannheim
- Member of the Supervisory Board of SAP SE, Walldorf
- Member of the Board of Directors Fidelity Funds SICAV, Luxembourg

**Maike Sielaff<sup>5</sup>**

Burgwedel

**Employee**

**Additional mandates held on supervisory boards/comparable control boards:**

- No additional mandates

<sup>1</sup> Member of the Standing Committee

<sup>2</sup> Member of the Finance and Audit Committee

<sup>3</sup> Independent financial expert on the Finance and Audit Committee

<sup>4</sup> Member of the Nomination Committee

<sup>5</sup> Staff representative

More information on the topic at



Management structure



AR 2015: Report of the Supervisory Board



AR 2015: Declaration on Corporate Governance

# Strategy and Management

A thick blue horizontal line that starts on the left, dips down into a sharp V-shape, and then continues horizontally to the right edge of the page.

Our vision: Long-term success in a competitive business. Excellent solutions for our business partners are the basis to strengthen and further expand our position as a leading, globally operating reinsurance group. This will enable us to deliver a long-term sustainable profitability and being one of the most profitable reinsurers worldwide. We enlarge the scope of our business by creating new business opportunities from emerging risks.





# Strategy and Management

## Our vision: Long-term success in a competitive business

Excellent solutions for our business partners are the basis for strengthening and further expanding our position as a leading, globally operating reinsurance group. They enable us to deliver long-term sustainable profitability and assert our position as one of the most profitable reinsurers worldwide.

We are passionate about reinsurance and chart our own course. We are quick, flexible and undogmatic and we strive for excellence in our actions. We consistently enlarge the scope of our operations by creating innovative business opportunities from emerging risks. With our organisation geared to efficiency, we offer our business partners an attractive value proposition.

As a leading player in the reinsurance industry, the commercial success of Hannover Re is crucially dependent on the correct assessment of present and emerging risks. In the process of evaluating risks we are faced today with growing complexity as a consequence of the increasing importance attached to various aspects of sustainability. In some instances these also have direct strategic and operational relevance to our reinsurance products and the management of our investments.

Our goal, therefore, is to achieve economic success on the basis of a profit-oriented business model – while at the same time acting in accordance with the needs of our staff and the company and giving due consideration to protection of the environment and conservation of natural resources. Sustainable action is not something which is static; rather, it must take place dynamically and in accordance with changing environmental circumstances. In conformity with our Group Strategy, therefore, we also define sustainability goals and implement appropriate measures.

More information on the topic at



Website: Group Strategy



Website: Sustainability Strategy



AR 2015: Strategie

# Corporate strategy

Our corporate strategy encompasses ten strategic principles for ensuring the realisation of our vision "Long-term success in a competitive business" across business units.

---

## 1. We have ambitious profit and growth targets

- Generate an IFRS return on equity of at least 900 basis points above the risk-free interest rate
  - Achieve profitability targets and generate a profit clearly in excess of the cost of capital
  - Grow the premium volume (by more than the market average)
  - Outperform the Global Reinsurance Index (GloRe) over a three-year period
  - Consistently pay an attractive dividend
- 

## 2. We are a preferred business partner

- Offer an attractive value proposition that makes us the preferred business partner for our clients
  - Foster customer relationships to both parties' mutual benefit irrespective of the size of the account
- 

## 3. We aim for successful employees

- Offer attractive workplaces
  - Foster the qualifications, experience and commitment of our staff
- 

## 4. We strive for an optimal balance between the stability and yield of our investments

- Achieve the target return – risk-free interest rate plus cost of capital
- 

## 5. We manage risks actively

- Ensure protection of capital through quantitative risk management
  - Ensure protection of capital through qualitative risk management
-

#### 6. We maintain an adequate level of capitalisation

- Ensure that requirements for equity resources (economic capital model, solvency regulations, etc.) are met
  - Optimise the overall cost of capital
- 

#### 7. We ensure low costs through an efficient organisational set-up

- Ensure a lower expense ratio than our competitors
- 

#### 8. We use information technology to achieve a competitive advantage

- Information and communication systems assure optimal support for business processes in light of cost/benefit considerations
- 

#### 9. We are committed to sustainability, integrity and compliance

- Ensure conformity with all legal requirements
  - Encourage sustainable actions with respect to all stakeholders
  - Support considered and pragmatic principles of corporate governance and recognise their central role in guiding our activities
- 

#### 10. We strive for Performance Excellence and continuous improvement

- Ensure the rigorous derivation of strategic objectives across all areas of the company
- 

We implement the goals of our corporate strategy in accordance with our holistic management system Performance Excellence 2.0. For details please see "Value-based management".

More information on the topic at



Value-based management



Website: Group Strategy

## Equity story

Going about things differently to others – that is exactly what sets us apart. And it has done from the very outset. With lean structures and an efficient organisation, it has taken the company just 50 years to grow into a well-diversified, globally operating reinsurer of above-average profitability.

Hannover Re, with gross premium of around EUR 17 billion, is the third-largest Reinsurer in the world. It transacts all lines of proPERTy & casualty and life & health reinsurance and is present on all continents with around 2,500 staff. Established in 1966, the Hannover Re Group today has a network of more than 100 subsidiaries, branches and representative offices worldwide. The Group's German business is written by the subsidiary E+S Rück.

### Somewhat different

Right from its earliest days Hannover Re was a somewhat different reinsurer: it had to secure a footing in a market dominated by long-standing players; it operated with tight capital resources and recruited its staff on a thin labour market. Drawing on our quick, flexible and undogmatic business approach, we evolved into a professional reinsurer with extensive specialist expertise. To this day we still operate with the lowest administrative expense ratio in the industry – a competitive edge that enables us to persevere even in protracted soft market phases. Long embodied in our daily practice, the claim to be "somewhat different" has served as an expression of the entire Hannover Re Group's self-image since 2005.

In order to grow Hannover Re had no choice but to break new ground. It took on a pioneering role in many areas. It was one of the first companies in Europe to receive an S&P rating and the first German reinsurer to adopt capital-market-oriented accounting principles in its financial reporting. In 1994 it was the first reinsurer to securitise natural catastrophe risks for the capital market.

In 2015 the Hannover Re Group received approval from the Federal Financial Supervisory Authority (BaFin) to calculate its solvency requirements on the basis of its internal capital model upon implementation

of Solvency II. In contrast to a standard model, our internal capital model enables us to optimally map the risk structure of our reinsurance business. We are thus in a position to identify attractive business while at the same time optimally allocating capital to business groups, regions and lines and leveraging potential avenues for diversification. In so doing, we remain able to efficiently fulfil our supervisory capital requirements under Solvency II.

Our ideas and know-how make it possible for our partners to open up new markets. Energy-saving warranties in building rehabilitation and bonus programmes for a healthy lifestyle may be cited as just two examples.

### A highly profitable reinsurer

A special hallmark of our business philosophy is that we do not fall back on standardised reinsurance solutions. We offer our clients financing solutions and customised concepts designed to provide relief for capital and reserves that are individually tailored to their needs.

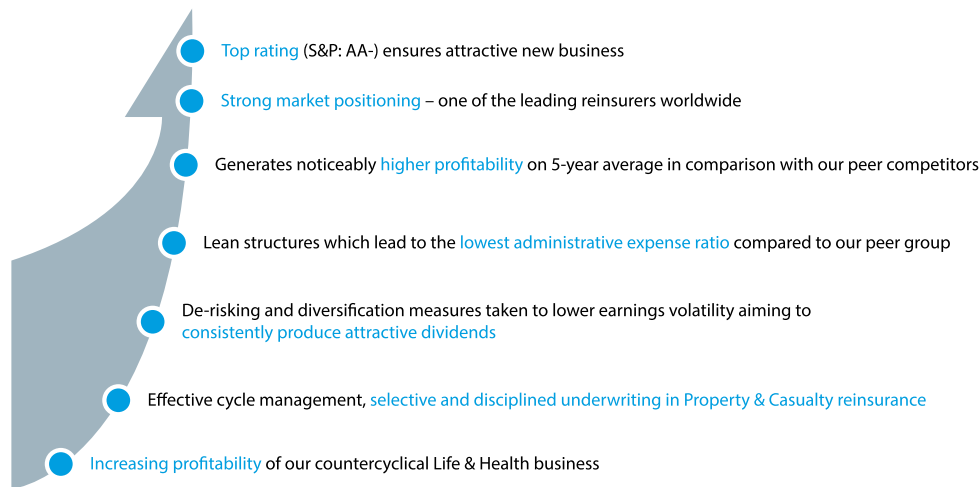
For the benefit of our clients and shareholders we achieve competitive advantages by transacting our insurance business with lower management expenses than our peers. This enables us to deliver a profit that is above the average for the sector, while at the same time providing our clients with reinsurance protection on competitive terms.

By assuming risks through the largely uncorrelated activities of our Property & Casualty and Life & Health business groups in all lines of business and based on our global presence, we enjoy optimal diversification. Besides our capital management, this is the key to our comparatively low cost of capital.

In order to ensure our long-term financial strength, we steer our business towards maintaining a capital base in line with our long-term business opportunities. We achieve this goal by managing the annual volatility of our earnings through the practice of vigorous risk management.



## Hannover Re's business model



## Long-term success in a competitive business

Hannover Re's vision is "Long-term success in a competitive business". In this context, we ensure a long-term economic orientation and successful realisation of our vision through our strategy. Ten principles

form the basis of our strategic actions. We are supported in operational implementation by our holistic management system Performance Excellence 2.0. We use key indicators in our target matrix to map the status of goal accomplishment. Details are published in the respective chapters of the Sustainability Report 2015 and in our Strategy Brochure.

More information on the topic at

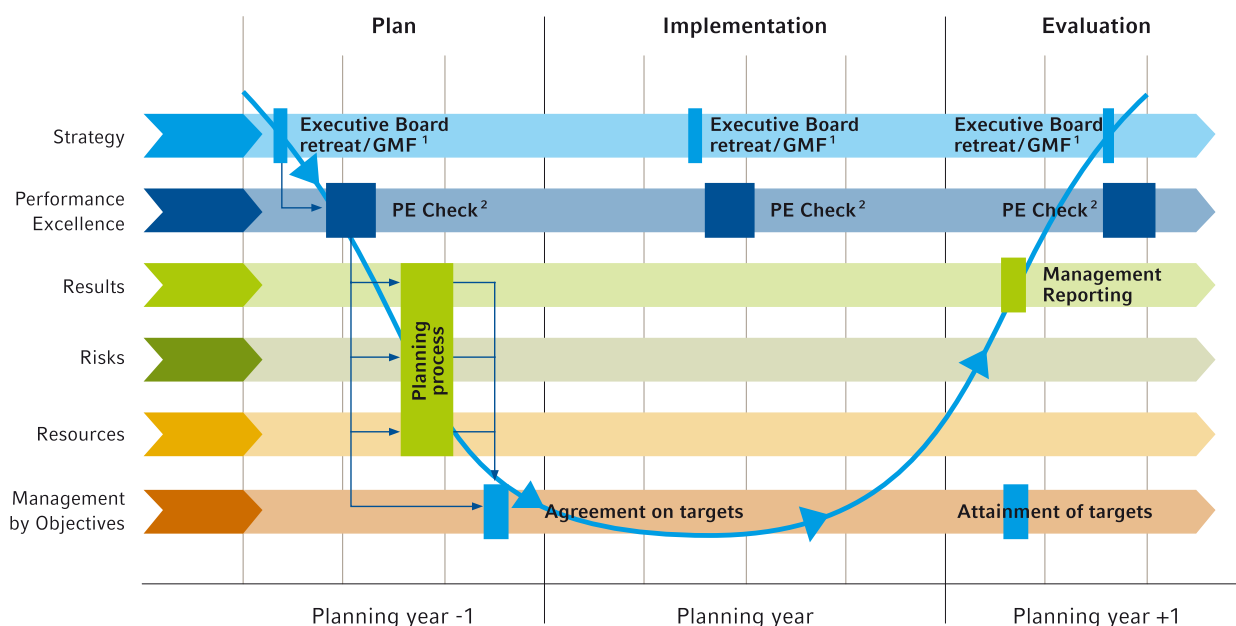
-  [Hannover Re at a glance](#)
-  [Organisational profile](#)
-  [Strategy and Management](#)
-  [Corporate strategy](#)
-  [Value-based management](#)
-  [Website: Group Strategy](#)
-  [Website: Company presentation](#)

## Value-based management

Our holistic management system performance Excellence 2.0 ensures implementation of the corporate strategy across the various areas of business. Based on the Excellence Model of the EFQM (European Foundation for Quality Management), it has a clear strategic focus: each organisational unit of the Hannover Re Group defines and exam-

ines its own contribution to the Group strategy with the aid of the internal Strategy Guide and our Strategy Cockpit tool. In this way, we ensure that all initiatives and activities within Hannover Re are rigorously linked to the corporate strategy.

**System of value-based management:**  
Performance Excellence(PE) combines the strategic and operational levels



<sup>1</sup> The Global Management Forum (GMF) brings together senior managers of the Hannover Re Group from around the world for the purpose of defining strategic orientations. The parameters developed here serve as the basis for the subsequent planning process.

<sup>2</sup> Verification and elaboration of contributions to the Group strategy

## Target Matrix

Our integrated system of enterprise management constitutes the basis for accomplishment of our strategic objectives. Located at its core are, first and foremost, our profit and growth targets, which are summarised for the Group and its business groups in the so-called target

matrix. In addition to traditional performance indicators geared to the IFRS balance sheet, our system of strategic targets also includes economic targets derived from our certified internal capital model. The targets are analysed annually and adjusted in the context of the regular strategy review (every three years). Our focus here is on long-term target attainment.

## Target attainment

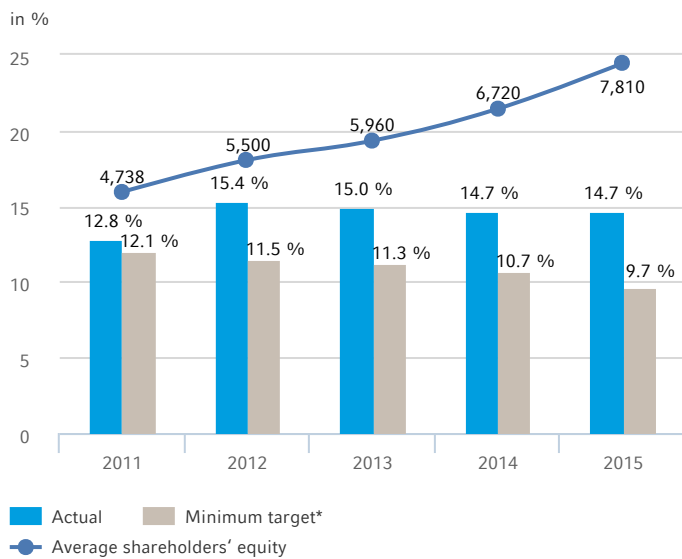
Business group	Key data	Targets for 2015	Target attainment			
			2015	2014	2013	Ø 2013-2015 <sup>1</sup>
Group	Investment return <sup>2</sup>	≥ 3.0%	3.5%	3.3%	3.4%	3.4%
	Return on equity <sup>3</sup>	≥ 10.2%	14.7%	14.7%	15.0%	14.8%
	Growth in earnings per share (year-on-year comparison)	≥ 6.5%	16.7%	10.1%	5.4%	10.6%
	Value creation per share <sup>4</sup>	≥ 7.5%	13.6%	34.4%	3.6%	15.5%
Property & Casualty reinsurance	Gross premium growth	3–5% <sup>5</sup>	8.1%	1.2%	3.5%	4.2%
	Combined ratio	≤ 96% <sup>6</sup>	94.4%	94.7%	94.9%	94.7%
	EBIT margin <sup>7</sup>	≥ 10%	16.6%	17.0%	15.5%	16.3%
	xRoCA <sup>8</sup>	≥ 2%	7.4%	10.7%	4.7%	7.6%
Life & Health reinsurance	Gross premium growth	5–7% <sup>9</sup>	9.5%	4.9%	5.1%	6.5%
	Value of New Business (VNB) <sup>10</sup>	≥ EUR 180 million	EUR 543 million	EUR 448 million	EUR 309 million	EUR 433 million
	EBIT margin <sup>7</sup> Financial Solutions/Longevity	≥ 2%	11.0%	5.0%	5.2%	7.2%
	EBIT margin <sup>7</sup> Mortality/ Morbidity	≥ 6%	3.6%	4.8%	1.2%	3.3%
	xRoCA <sup>8</sup>	≥ 3%	8.9%	7.5%	8.4%	8.3%

<sup>1</sup> Average annual growth, otherwise weighted averages<sup>2</sup> Excluding effects from ModCo derivatives and inflation swaps<sup>3</sup> After tax; target value: 900 basis points above the 5-year average return on 10-year German government bonds<sup>4</sup> Growth in book value per share including dividend paid<sup>5</sup> Average over the reinsurance cycle; at constant exchange rates<sup>6</sup> Including major loss budget of EUR 690 million<sup>7</sup> EBIT/net premium earned<sup>8</sup> Excess return on allocated economic capital<sup>9</sup> Organic growth only; annual average growth (5 years); at constant exchange rates<sup>10</sup> Based on a cost of capital of 6% (until 2014: 4.5%)

Especially in terms of its return on equity, Hannover Re has performed very favourably in recent years despite the intensely competitive environment. Our return on equity target of 900 basis points above risk-free – which is enshrined in the corporate strategy – thus already represents a substantial target value creation. Through our business operations on all continents and the diversification between our Property &

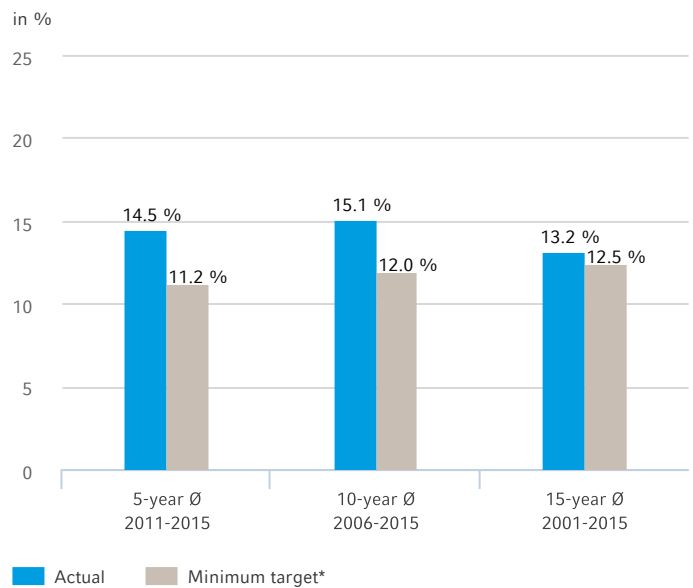
Casualty and Life & Health reinsurance business groups we are able to effectively allocate our capital in light of opportunity and risk considerations and generate a higher-than-average return on equity. The following chart shows that the annual return on equity generated by Hannover Re in recent years comfortably surpassed the set minimum targets.

## Return on Equity: yearly



\* After tax; target: 900 bps above 5-year rolling average of 10-year German government-bond rate ("risk free")

## Return on Equity: average



More information on the topic at

- [Sustainability management](#)
- [Website: Group Strategy](#)
- [Website: Company presentation](#)
- [Website: Fact sheet](#)
- [Website: Hannover Re at a glance](#)
- [Website: Hannover Re 1966-2016](#)
- [Website: 50 years somewhat different](#)

## Business performance

In the 2015 financial year Hannover Re generated gross premium income of EUR 17.1 billion, an increase of 18.8% compared to the previous year. The operating profit (EBIT) stood at EUR 1.8 billion (EUR 1.5 billion). Earnings per share amounted to EUR 9.54.

The company distributed altogether around 50% of its Group net income to shareholders. The amount paid out totalling EUR 572.8 mil-

lion was divided into a regular dividend of EUR 3.25 and a special dividend of EUR 1.50 per share.

The equity attributable to shareholders of Hannover Re rose by 6.9% relative to the previous year to reach EUR 8.1 billion (EUR 7.6 billion). The total policyholders' surplus (including non-controlling interests and hybrid capital) also grew by a modest 0.3% to EUR 10.3 billion

(EUR 10.2 billion). The book value per share increased accordingly to stand at EUR 66.90 (EUR 62.61). The return on equity remained unchanged year-on-year at 14.7%.

Personnel expenditure on wages and salaries amounted to EUR 246.4 million (EUR 224.7 million) in the last financial year, a modest increase relative to the previous year.

Hannover Re's indirect economic impacts are linked to the product-related goals and measures of our Sustainability Strategy and Group Strategy and fall, in common with our investments in local communities, within the scope of responsibility of the Executive Board.

More information on the topic at



Hannover Re at a glance



AR 2015: Key figures



AR 2015: Other information



## Sustainability Strategy

For Hannover Re, 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 Hannover Re that reflects in concrete terms the higher-order corporate strategy of the Group and in which we explicitly commit to our strategic objective of sustainable value creation.

In 2014 we reviewed our corporate and sustainability strategy in keeping with our three-year strategy cycle. In conformity with the Group Strategy, the sustainability goals that had been set for the strategy cycle just ended were therefore similarly revisited and modified in light of a materiality analysis and to reflect the current need for action. Sustainability goals that had still to be achieved were carried over to the new strategy cycle. Our current Sustainability Strategy for the years 2015 to 2017 defines the following four action fields and specifies 14 concrete goals and 42 measures:

### Our Sustainability actions fields



### Governance and Dialogue

We are committed to responsible and transparent corporate governance geared to lasting success. In this context, we seek an active and continuous dialogue with our stakeholders, whose trust is a vital prerequisite for our entrepreneurial success.

The considerable importance attached to the issue of sustainability is also reflected in the associated responsibility within the enterprise. The Executive Board of the company jointly bears responsibility for and tracks implementation of the sustainability strategy. The German Corporate Governance Code and our own company's Corporate Governance principles are the foundations of our responsible actions. From our employees – and especially from managers – we expect systematic compliance with our Code of Conduct, which is applicable worldwide. Through our high ethical and social standards we ensure integrity in dealings with our business partners, employees, shareholders and the public at large both as part of our company's strategic orientation and in day-to-day business.

### Product Responsibility

Our reinsurance offerings are geared to the needs of the market and our clients. In view of changing social challenges, we shall increasingly offer products designed to protect against new economic, social and ecological risks. We attach special importance to protection against risks resulting from climate change as well as insurance coverage for socially vulnerable groups.

The responsible management of our investments is a high priority. In the interests of our clients and shareholders, our investment strategy strives to generate a commensurate market return. In accordance with our sustainability strategy this is done by incorporating environmental, social and governance (ESG) criteria into our investment policy.

### Employees

Given that our employees are a crucial factor in the success of our company, we have defined strategic principles for human resources

management. In order to ensure that we are consistently perceived as an attractive employer by both existing staff and potential new recruits alike, we pay special attention to their skills enhancement and further development. With this in mind, we offer our employees the best possible framework conditions and foster both their professional and personal growth.

The health of our employees is an essential prerequisite for the sustainable development of our business and for safeguarding our high quality standard. Hannover Re's company physicians advise employees on matters of health protection and health promotion. The focus is on the prevention of diseases, e.g. through medical check-ups, workplace inspections, advice and treatment on matters of general medicine as well as vaccinations and vaccination advice.

Along with skills and dedication, a high level of diversity ranks among the cornerstones of our successful business operations. The diversity of our workforce assures our high global quality standard.

More information on the topic at



Materiality analysis



Website: Sustainability Strategy 2015-2017

## Environment and Society

We take our responsibility to the environment and the social sphere in which we operate very seriously and we have made a worldwide commitment.

The focus of our environmental efforts is on reducing the CO<sub>2</sub> emissions associated with supplying energy and heat to our premises as well as those caused by our business travel. Above and beyond this, we strive towards the economical and environmentally friendly use of (raw) materials and resources such as paper and water in our offices. In the context of procurement we pay close attention to compliance with social and environmental standards when it comes to choosing products and selecting our suppliers. Our social involvement extends beyond our Home Office in Germany to include our subsidiaries, which conduct their own specific projects targeting social concerns in the individual countries. In terms of content, our efforts are concentrated on the areas of research, learning and art as well as on supporting the voluntary social engagement of our staff.

# Materiality analysis

## G4-18, G4-19

The major sustainability issues for Hannover Re can influence the company's commercial success in the short, medium and long term. With this in mind, we carried out an internal materiality analysis in 2014. In the context of several workshops held with the involvement of representatives from all relevant specialist units and led by an external consulting firm, we identified relevant topics for Hannover Re along the value creation chain, compulsory and voluntary standards as well as long-term trends. We then weighted the topics using an evaluation tool to determine their materiality.

Core issues associated with ESG ratings and UN initiatives have a special relevance for Hannover Re. In 2015 we therefore expanded our list of material issues to include additional topics relating to ESG ratings and UN initiatives. Hannover Re also includes environmental issues and social concerns, despite their minimal relevance to reinsurance business. This is a reflection of our comprehensive approach to sustainability and makes allowance for requirements in connection with (future) regulations.

Subsequent clustering then adds to the discriminatory power of the selected topics and helps to avoid duplications. In this way, Hannover Re has identified 15 material sustainability issues for the company:

Action field	Clustering of material issues
<b>Governance and Dialogue</b>	
	Responsible corporate governance
	Compliance
	Risk management
	Stakeholder dialogue
<b>Product Responsibility</b>	
	Risk expertise
	Sustainable insurance solutions
	ESG in asset management
	Customer orientation and satisfaction
<b>Employees</b>	
	Executive development / Employee advancement
	Employee retention
	Diversity
	Co-determination
<b>Environment and Society</b>	
	Operational environmental conservation
	Supplier management
	Social commitment

In the context of the materiality analysis Hannover Re also identified nine material issues in the area of financial performance. These are

covered by the corporate strategy. Hannover Re reports extensively on the progress of goal achievement in its Annual Report 2015.

More information on the topic at

 Value-based management

 AR 2015: Sustainability at Hannover Re

## Sustainability strategy and goals

### Table of goals for 2015-2017 (Sustainability goals and measures)

The goals defined under our Sustainability Strategy complement and / or specify in greater detail the ten objectives set out in our Group Strategy – especially the ninth objective: "We are committed to sustainability, integrity and compliance".

#### I. Governance and Dialogue

Goals and measures	Contribution to goal achievement 2015
<b>Compliance</b>	
<b>Goal: Expansion of compliance concepts and guidelines in relation to specific topics</b>	
• Extension of compliance requirements in IT	Ongoing measure
• Expansion of the international compliance network	Holding of an annual meeting in the context of the European Compliance Officer Meeting and three teleconferences at periodic intervals.  Review of the compliance requirements under Solvency II
<b>Responsible, value-based enterprise management</b>	
<b>Goal: Value creation for our shareholders</b>	
• Our goals and performance indicators for value-based enterprise management are set out as part of our Group strategy.	See also > Value-based management
<b>Goal: Attractive investment for sustainability-minded investor groups</b>	
• Active dialogue with rating agencies for sustainability with a view to ongoing inclusion in at least one recognised sustainability index as well as maintaining the oekom "Prime" rating	Regular, active dialogue conducted with rating agencies. In 2015 we were again listed in the FTSE4Good Index and retained the "Prime" rating from oekom research.
• Enlarge on rating-specific sustainability topics	In the context of the online Sustainability Report 2015 we have been more responsive to the information requirements of rating agencies and included critical issues such as sanctions and taxes.

## Transparency and Disclosure

### Goal: Expansion of reporting on sustainability issues

• Changeover to GRI G4 reporting, "Core" level	Changeover completed in 2016 with the compilation of the Sustainability Report 2015
• Bringing forward of the publication date of the Sustainability Report	Ongoing measure
• Setting up of a sustainability competence team and appointment of a sustainability officer	The competence team has already been set up and meets at least annually to reconcile strategic goals and measures and at shorter intervals in sometimes smaller constellations depending on matters at hand
• Expansion of the sustainability information provided on the website	Ongoing measure
• Extension of ESG (environmental, social and governance) data collection to include the Group's international locations	Ongoing measure
• Group-wide recording of sustainability projects	Ongoing measure

### Goal: Purposeful stakeholder dialogue

• Systematic expansion of the stakeholder dialogue, e.g. with investors practising socially responsible investment (SRI) through participation in SRI conferences / roadshows, with rating agencies and by means of regular stakeholder surveys	Participation in SRI conference planned for November 2016. Regular dialogue with SRI investors and rating agencies
• Compilation of a fact sheet on sustainability at Hannover Re	Ongoing measure



## II. Product Responsibility

Goals and measures	Contribution to goal achievement 2015
<b>Customer orientation / satisfaction</b>	
<b>Goal: Step up our dialogue with customers</b>	
<ul style="list-style-type: none"> <li>Expand avenues for international dialogue</li> </ul>	Further expansion of the Building Bridges seminar series with the workshop "Customer expectations for a reinsurer" Conduct of multiple customer surveys (Italy, worldwide and Australia)
<b>Sustainable insurance solutions</b>	
<b>Goal: Development and expansion of "sustainable" products</b>	
<ul style="list-style-type: none"> <li>Closer cooperation with primary insurers to develop and expand sustainable products</li> </ul>	Expansion of cooperation with primary insurers in Pakistan, the Philippines and Indonesia in the growing market for microinsurance products
<ul style="list-style-type: none"> <li>Development of products that promote, for example, renewable energies</li> </ul>	Expansion of the coverage solution for energy-saving warranties to include additional European countries. Development of index-based disaster finance concepts for countries in South America and Asia
<ul style="list-style-type: none"> <li>Further expansion of microinsurance products</li> </ul>	In India we have played an active part in the microinsurance sector from the outset with a growing business volume. We also work together with primary insurers in less mature markets such as Pakistan, the Philippines and Indonesia to provide suitable products for the expanding microinsurance market
<ul style="list-style-type: none"> <li>Expansion of the dialogue on emerging risks</li> </ul>	Ongoing measure
<b>ESG criteria in asset management</b>	
<b>Goal: Extension of ESG guidelines for asset management</b>	
<ul style="list-style-type: none"> <li>Signing of the UN Principles for Responsible Investment (PRI) to be reviewed</li> </ul>	Ongoing measure
<ul style="list-style-type: none"> <li>Refinement of the ESG Investment Policy incl. development of positive screening</li> </ul>	The existing ESG Investment Policy was refined and supplemented with a best-in-class investment approach
<ul style="list-style-type: none"> <li>Appointment of an ESG officer on the Investment Team</li> </ul>	In April 2015 we appointed an ESG officer on the Investment Team

### III. Employees

Goals and measures	Contribution to goal achievement 2015
<b>Health management</b>	
<b>Goal: Preserve and restore the performance capability of our staff</b>	
• Continuation of existing health programmes / check-ups	Ongoing measure
• Development of a counselling service for professional and personal crises ("Employee Assistance Programme" at the Hannover location)	Elaboration in a dedicated working group
• Implementation of Occupational Integration Management for employees returning after illness	Elaboration in a dedicated working group
• Continuation of the offered family services	Ongoing measure
<b>Employee development / Employee advancement</b>	
<b>Goal: Expansion of further training measures for specialist and executive staff</b>	
• Continuation and internationalisation of the executive development programme	Ongoing measure
• Expansion of the training programme, e. g. through blended learning	Ongoing measure, 2015: Creation of new specialist seminars for experienced staff at the Hannover location and roll-out of the Hannover Re Academy as a seminar administration and booking tool.
• Internationalisation of the surveys on employee satisfaction	Worldwide employee survey conducted
<b>Diversity</b>	
<b>Goal: Promoting diversity and a work / life balance</b>	
• Continuation of the mentoring programme for female employees with the aim of increasing the proportion of women in management positions	Ongoing goal in 2015: another round successfully launched, programme is to be further expanded.
• Training / awareness-raising of executives	Executive seminar held on "Gender-specific communication"
• Expansion of the care services provided for employees' children at the company's infant daycare centre	30 places available, childcare support to be expanded as necessary, no additional requirement existed in 2015

## IV. Environment and Society

Goals and measures	Contribution to goal achievement 2015
<b>Environmental protection</b>	
<b>Goal: Ongoing reduction of CO<sub>2</sub> emissions as well as carbon neutrality at Hannover Home Office by 2015</b>	
<ul style="list-style-type: none"> <li>Recertification according to ISO 14001 at Hannover Home Office</li> </ul>	Recertification was completed in November 2015. Our environmental certificate is thus valid for a further 3 years. From 2016 onwards we shall additionally undertake validation as per the EMAS Directive and publish an annual environmental statement.
<ul style="list-style-type: none"> <li>Progressive worldwide rollout of the transition to renewable energies</li> </ul>	Ongoing measure
<ul style="list-style-type: none"> <li>Staff training in environmental protection</li> </ul>	Annually through online training for all staff at Hannover Home Office
<ul style="list-style-type: none"> <li>Creation of an international network of Hannover Re environmental managers</li> </ul>	Ongoing measure
<ul style="list-style-type: none"> <li>Extension of environmental data collection to include the Group's international locations</li> </ul>	Ongoing measure
<b>Supplier management</b>	
<b>Goal: 100 % of relevant suppliers are measured by environmental and social standards</b>	
<ul style="list-style-type: none"> <li>Clustering of (groups of) suppliers into ESG risk categories</li> </ul>	Clustering is complete. Suppliers evaluated critically in an ESG risk category are blacklisted and no further orders are placed with them
<ul style="list-style-type: none"> <li>Ongoing selection and evaluation of suppliers according to environmental and social standards</li> </ul>	Review of virtually all new suppliers at the Hannover location in accordance with the established procedure for self-reporting. Ongoing requirement for suppliers to comply with the Code of Conduct for Suppliers
<ul style="list-style-type: none"> <li>Adoption of supplier evaluation in all areas of the company at Hannover Home Office</li> </ul>	Review of virtually all suppliers at the Hannover location in accordance with the established procedure for self-reporting. Suppliers evaluated critically in an ESG risk category are blacklisted and no further orders are placed with them
<ul style="list-style-type: none"> <li>Green IT: Development of IT purchasing guidelines and minimum standards</li> </ul>	Ongoing measure
<b>Social commitment</b>	
<b>Goal: Group-wide coordinated guidelines and recording of social activities</b>	
<ul style="list-style-type: none"> <li>Review and as necessary refine uniform Group-wide guidelines for donations and sponsorship ("Social Activity Guidelines")</li> </ul>	In the context of our engagement in society an internal national and international Donations Guideline ensures that our social activities primarily benefit the common good.
<ul style="list-style-type: none"> <li>Group-wide recording of donations and sponsorship activities</li> </ul>	Ongoing measure

More information on the topic at



Website: Sustainability Strategy

## Sustainability management

At Hannover Re responsibility for the topic of sustainability rests with the entire Executive Board. The Environmental Management Officer, the Compliance Officer and a member of staff entrusted with the corporate governance function report on a regular basis to the Executive Board. In addition, the sustainable value creation of Hannover Re is further ensured by a comprehensive risk management system with appropriately established reporting structures.

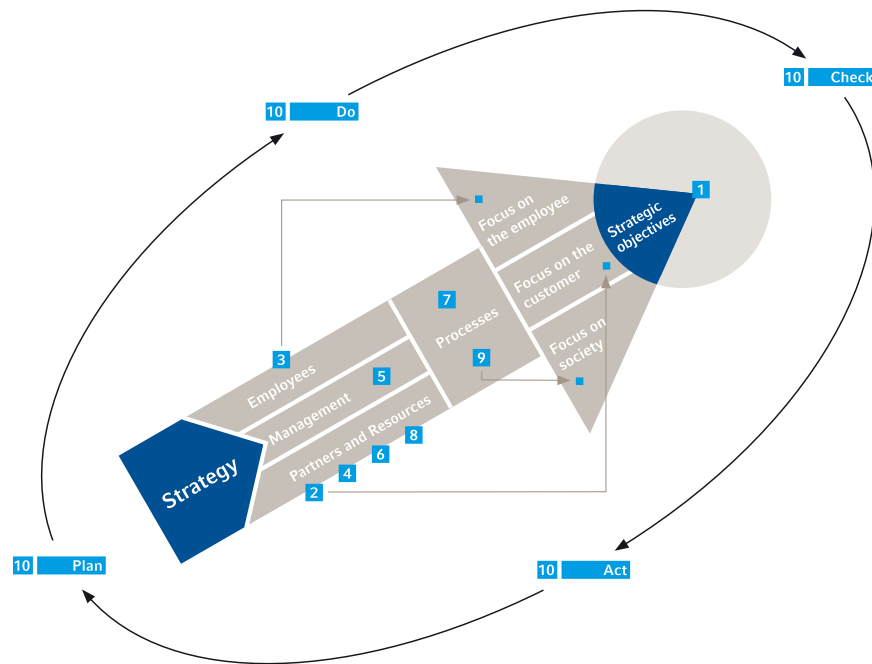
In its business operations Hannover Re is guided by voluntary and binding guidelines such as those contained in our Code of Conduct, which was revised in the year under review and is applicable Group-wide. We take our lead from the guidelines of the International Labour Organization (ILO) and the principles of the United Nations Global Compact, most importantly with respect to the observance of human rights and in the management of our investments. By requiring our suppliers to comply with our Code of Conduct for Suppliers, we are seeking to promote sustainability throughout our entire value creation process.

The CSR competence team takes responsibility for preparing Hannover Re's strategic orientation in matters of sustainability and for defining appropriate operational measures. Based at the Hannover location, it is composed of representatives of various specialist departments. The members come together as a whole for the annual strategy

review and they also meet in various constellations on a case-by-case basis depending on the tasks to be dealt with. Each member has committed to advancing the goals of the Sustainability Strategy within his or her specialist area.

In accordance with our holistic management system of Performance Excellence 2.0, each organisational unit of the Hannover Re Group defines its own contribution to the Group Strategy with the aid of the internal Strategy Guide and the Strategy Cockpit tool. The most important working document used by all organisational units for the compilation of strategy contributions is the Strategy Guide. The Strategy Guide sets out in detail the goals that are pursued by the Hannover Re Group and the contributions that organisational units are expected to make to individual goals and in which areas of topical emphasis. The sustainability goals and measures of the Hannover Re Group are also embedded in this document. In this way, we ensure that all initiatives and activities within Hannover Re are rigorously linked to the Group Strategy and Sustainability Strategy and that strategic innovations cascade further to reach all actors. Documentation of the strategy contributions and regular implementation controlling are carried out by the organisational units in the Strategy Cockpit. Corresponding reporting to the Executive Board is carried out on a regular basis by the responsible department.

## Performance Excellence



Management approaches to specific topics in the areas of “product responsibility”, “employees” as well as “environment and society” are discussed in the relevant chapter.

More information on the topic at

- [Product responsibility](#)
- [Employees](#)
- [Environment and Society](#)
- [Value-based management](#)





# Governance and Dialogue

A Chinese proverb says: "To open a shop is easy; to keep it open is an art". Rightly so: regulatory hurdles and intense competition have long made China a challenging target market. Yet Hannover Re has been involved in this market for more than forty years, with its oldest treaty dating back to 1971. It has had a local presence for some 25 years: in Hong Kong since 1990 with a service office and since 1999 with a branch, and also in Shanghai since 2008 with another branch. Today, our staying power is paying off: Hannover Re has expanded vigorously in China over the past ten years.



## Governance and Dialogue

As an internationally operating company, Hannover Re bears responsibility in various senses. This is true of its compliance with relevant laws and regulations, but also applies to its relationship with staff, shareholders, the public at large and the cultures within which the company operates. Hannover Re publishes an annual Declaration of Conformity with the German Corporate Governance Code (DCKG) in this regard. Compliance with our high ethical and legal standards is also enshrined in our Code of Conduct, which we updated in 2015.

In accordance with applicable company law, the two-tier governance structure of Hannover Re – the management of business by the Executive Board and the provision of oversight and advice by the Supervisory Board – contributes to responsible corporate governance.

Our compliance structures support adherence to laws and directives, e.g. governing respect for human rights, prevention of corruption, observance of sanctions and protection of customer data. Regular training and communication activities keep Hannover Re staff informed about relevant regulations.

Hannover Re's proven risk management contributes to the long-term success of our company. It encompasses the early detection, assess-

ment and examination of risks associated with not only financial matters but also non-financial issues, such as climate change. Through established structures and responsibilities we ensure the correct evaluation of the risks that we enter into.

Given that the trust of our stakeholder groups and an immaculate reputation support the success of our company, we also make every effort to cultivate an active dialogue with representatives of the capital market and society as a whole as well as with our clients and staff. In the present Sustainability Report 2015 we are again reporting on our achievements as a responsible enterprise. In so doing we follow the currently applicable and internationally recognised guidelines of the Global Reporting Initiative (GRI). That our sustainability communication also fulfils the transparency requirements of ESG rating agencies is reflected in a favourable rating: in 2015 Hannover Re's sustainability performance was again evaluated by the rating agency Oekom Research; our company was awarded "Prime" status in recognition of its above-average fulfilment of industry-specific requirements. In addition, in June 2015 Hannover Re received confirmation of its inclusion in the worldwide FTSE4Good Index Series from the FTSE Environmental, Social and Governance Advisory Committee.

More information on the topic at






-  [AR 2015: Corporate Governance](#)
-  [AR 2015: Compliance](#)
-  [AR 2015: Opportunity and risk report](#)
-  [Website: Philosophy Hannover Re](#)

## Responsible enterprise management

State-of-the-art corporate governance is embodied by Hannover Re as a matter of course. In addition to constant engagement with changing legal framework conditions, we provide annually a Declaration of Conformity with the German Corporate Governance Code that can be accessed on the company's website. Furthermore, the Corporate Governance Principles of Hannover Rück SE undergo regular updating and reflect the recommendations contained in the latest version of the German Corporate Governance Code as amended. The rules defined in our Code of Conduct also reflect the high ethical and legal standards that guide our actions worldwide.

As a listed European joint-stock company (SE) based in Hannover, Hannover Re is subject to SE-specific laws – as well as German laws governing stock corporations and the capital market – and laws on co-determination, especially the participation agreement concluded with the employees. The three governance bodies of Executive Board, Supervisory Board and General Meeting make up the governance structure of the undertaking. Their cooperation is regulated by law and by the company's Articles of Association.

More information on the topic at

-  AR 2015: Declaration on Corporate Governance
-  Website: Corporate Governance
-  Website: Declaration of Conformity
-  AR 2015: Remuneration report
-  Website: Compliance

## Management structure

As a European Company (Societas Europaea – SE) based in Germany, the formal structure of corporate governance at Hannover Re is determined by national law. The fundamental hallmarks of corporate governance are a two-tier system with its transparent and effective split into the management of the company (Executive Board) and its oversight (Supervisory Board). Overall responsibility for enterprise management and Group-wide risk management as well as for the definition of the risk strategy rests with the Executive Board of Hannover Re. The Supervisory Board takes responsibility for advising and monitoring the Executive Board in its management of the company and also with respect to risk management. In accordance with the principle of co-determination, the Supervisory Board is made up of representatives of the shareholders and the employees. The shareholders exercise their rights of co-administration and supervision in the context of the General Meeting.

### Composition of the Executive Board

The Executive Board of Hannover Re is composed of seven members, who are appointed by the Supervisory Board. Along with their qualifications, the Supervisory Board also pays attention to diversity in the selection of members of the Executive Board. In view of currently ongoing Board contracts, Hannover Re has set itself a target of zero for the quota of women on the Executive Board by 30 June 2017. In case of an appointment of a new member of the Executive Board, the Supervisory Board shall give preference to a potential female candidate in case of equal personal aptitude and professional qualifications.

### Composition of the Supervisory Board

The Supervisory Board of Hannover Re consists of nine members. They are appointed for a term of office until the end of the General Meeting that ratifies the acts of management for the 2018 financial year. Pursuant to statutory requirements and the Participation Agreement, the employees are represented by three members. Given that members of the Supervisory Board cannot at the same time belong to

the Executive Board, a high degree of independence in the oversight of the Executive Board is assured.

When it comes to selecting the shareholder candidates who are proposed to the General Meeting for election to the Supervisory Board, care is taken to ensure that the individuals in question have the necessary knowledge, abilities and specialist experience. The anticipated commitment to a sustainable increase in the value of the company is similarly a central criterion in the selection of candidates. The principle of diversity is also taken into account when making a selection. Allowing for the term of appointment of the Supervisory Board, Hannover Re has therefore determined that it will achieve a target quota of 30% for women on the Supervisory Board by 30 June 2017.

In order to deal with complex matters and depending on the specific circumstances of the company, the Supervisory Board forms committees under its Rules of Procedure. These are currently the Standing Committee, the Finance and Audit Committee and the Nomination Committee. Appointments to the committees are crucially guided by the respective specialist aptitude required by the committee members.

In addition, ad hoc training activities are held as necessary in order to further enhance the expertise of the Supervisory Board. Thus, for example, training was provided for the Supervisory Board in 2016 in connection with the implementation of the new solvency regime Solvency II.

### Avoidance of conflicts of interest

The avoidance of conflicts of interest is ensured through the control mechanisms stipulated in law and in the Articles of Association that exist between the three governance bodies. In order to assure the provision of independent advice to and oversight of the Executive Board by the Supervisory Board, no more than two former members of the Executive Board shall belong to the Supervisory Board. Members of the Supervisory Board may not undertake any executive role or consulting functions at significant competitors of the company.

## Avenues for dialogue on critical issues







As a general principle, all Hannover Re's stakeholder groups have the opportunity to report potentially critical issues to the company's highest governance body. Within the framework of Hannover Re's established 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.

The shareholders of Hannover Re exercise their co-determination right at the Annual General Meeting of the company, in particular

through the appointment of members of the Supervisory Board, the ratification of the acts of management of the Executive Board and the Supervisory Board, the resolution on profit appropriation and through their right to ask questions and obtain information.

The right of the employees to have their say in the company is ensured through the SE-Employee Council, the joint German Employee Council of Hannover Re and E+S Rück and through the three employee representatives on the Supervisory Board elected by this joint Employee Council.

More information on the topic at

-  AR 2015: Working practice of the Executive Board and Supervisory Board
-  AR 2015 : Further enterprise management principles
-  Website: Executive Board
-  Website: Supervisory Board
-  AR 2015: Report of the Supervisory Board
-  AR 2015: Supervisory Board Members

## Corporate Governance Code




Since 2003 Hannover Re has provided an annual Declaration of Conformity with the German Corporate Governance Code (DCGK) which is published on the company's website and can be reviewed in the Annual Report of Hannover Re. Furthermore, the Corporate Governance Principles of Hannover Rück SE are regularly revised and reflect the recommendations of the Code as amended.

As an instrument of self-regulation for the business world, the German Corporate Governance Code – the latest version of which dates from 5 May 2015 – sets out recommendations and suggestions that are intended to maintain and foster the trust of investors, customers, employees and the general public in the management and supervision of German companies. Although the Code does not have binding legal force, the enterprises addressed by the Code are nevertheless required by § 161 Stock Corporation Act (AktG) to provide an annual declaration as to whether or not the recommendations of the Code were and

are complied with in the reality of the company's business activities. If recommendations were not acted upon, this is to be explained and disclosed as part of the Declaration of Conformity.

The positive attitude of Hannover Rück SE towards the Code is not contradicted by the fact that in the year under review the company did not comply with certain Code recommendations, since a well justified deviation from the recommendations of the Code may – as in the present cases – be very much in the interests of good corporate governance tailored to a particular company, i.e. by reflecting enterprise- and industry-specific features (cf. Foreword to the German Corporate Governance Code). Based on what is still a high degree of fulfilment of the recommendations and suggestions of the Code, Hannover Re continues to rank very highly among the companies listed on the DAX and MDAX.

More information on the topic at

-  AR 2015: Declaration on Corporate Governance
-  Website: Corporate Governance
-  Website: Declaration of Conformity

## Remuneration and performance review

The correlation between the performance of Hannover Re and the remuneration of the governance bodies is assured by a remuneration scheme with two components: fixed salary / non-cash compensation and variable remuneration. The bases for measurement of the variable remuneration extend over several years, thereby promoting the sustainable development of the company.

The profit- and performance-based remuneration (variable remuneration) is contingent on certain defined results and the attainment of certain set targets. The set targets vary according to the function of the Board member in question.

The remuneration scheme for the members of the Executive Board was presented at the General Meeting 2012 and put to the vote. The shareholders were thus given an opportunity in this forum to express their opinion on the remuneration scheme. The motion to approve the system of remuneration for the members of the Executive Board was adopted. Hannover Re draws upon the services of an external inde-

pendent consultant both with respect to the elaboration of the remuneration scheme for the members of the Executive Board and when it comes to making the annual horizontal comparison with the benchmark environment.

In accordance with Item 5.6 of the German Corporate Governance Code a procedure is also carried out at regular intervals to evaluate the efficiency of the Supervisory Board; the purpose is to review the efficiency of the Supervisory Board's work and explore potential options for improvement. In the context of this self-assessment each member of the Supervisory Board has the opportunity to evaluate the quality of the work currently performed by the Supervisory Board in anonymised form and to make suggestions for future optimisation.

Detailed information on the remuneration of the Executive Board, Supervisory Board and senior executives below the level of the Executive Board is published in the remuneration report within the Group Annual Report 2015.

More information on the topic at



AR 2015: Remuneration report



Website: Executive Board



Website: Supervisory Board

## Compliance

Integrity in dealings with our business partners, shareholders and the public at large is practised by Hannover Re as a matter of course. It is for this reason that both our strategic planning and our day-to-day business are always conducted on the basis of the highest ethical and legal standards. Our revised Code of Conduct, which was adopted by the Executive Board in August 2015, sets out internal rules of conduct that are applicable worldwide. Our Code of Conduct for Suppliers similarly requires our suppliers and subcontractors to comply with sustainability criteria.

Ensuring confidentiality, data privacy and data security is of the utmost importance to Hannover Re. The most significant rules in this regard are set out with binding effect for all members of staff in our Code of Conduct and in our information security and data privacy policies. Furthermore, our structures ensure that customer-related data is handled in conformity with the German Federal Data Protection Act (BDSG).

In addition, with the planned implementation of a "Tax Compliance System" and a review of all relevant task areas and responsibilities we

shall ensure that going forward, as in the past, Hannover Re pays its taxes in accordance with national statutory provisions.

Hannover Re has enshrined the observance of sanctions that may be relevant to the company in its Code of Conduct and Underwriting Guidelines. Furthermore, a Sanctions Screening Guideline, training activities for new staff, a compliance management system for sanctions and verification software facilitate the early identification and hence avoidance of any sanction violations.

Since June 2012 our DIN EN ISO 14001-certified environmental management system has been in place to protect the environment. During the current financial year we are also transitioning to the more comprehensive EMAS tool (Eco-Management and Audit Scheme). In the future, we intend to publish an annual EMAS environmental statement.

As far as our commitment to society is concerned, an internal national and international Donations Policy ensures that our social engagement primarily benefits the common good.

More information on the topic at



Environment and Society



AR 2015: Compliance



## Code of Conduct

Along with the Corporate Strategy and Corporate Governance Principles, the Code of Conduct of Hannover Re sets out rules for how all employees of Hannover Rück SE are to behave with integrity and is intended to help them cope with ethical and legal challenges in their daily work. These rules, for example on the observance of human rights and combating corruption, reflect the high ethical and legal standards that guide our actions worldwide. We consider integrity in dealings with our stakeholders to be the foundation of a successful enterprise. Both in our strategic planning and in day-to-day business, we therefore aspire to live up to the highest ethical and legal standards; after all, the image of Hannover Rück SE is shaped by the demeanour, actions and behaviour of every one of us. The Code of Conduct of Hannover Re was revised and adopted by the Executive Board on 10 August 2015. The revised version of the Code of Conduct was communicated to all members of staff.

Since mid-2012 our Code of Conduct for Suppliers has also been in effect for extensive parts of the company at the Hannover location. Among other things, this requires compliance with environmental and

social standards and it forms an integral component of contracts when it comes to, for example, tendering and awarding infrastructure services as well as various construction works. Existing supplier relationships in the areas of Facilities Management and IT are also progressively checked for fulfilment of the Code of Conduct as part of an ongoing process.

As a complementary tool, an application-supported procedure has also been developed for self-reporting by suppliers and service providers that similarly includes criteria from the Code of Conduct. The procedure is now used on a regular basis by Facilities Management. In the context of an assessment carried out in 2014 all IT suppliers were contacted and evaluated on the basis of a checklist. This evaluation was stored in the supplier management system and will be factored into the selection of suppliers when placing future contracts; furthermore, these criteria are also used for the regular evaluation of suppliers. Contracts with critically assessed suppliers are not renewed; an early-warning system ensures that an adequate lead time is available to select and as necessary familiarise an alternative vendor.

More information on the topic at



Supplier management

## Compliance structure and report

We consider an efficiently functioning compliance structure to be an essential tool for ensuring adherence to external rules and regulations as well as requirements imposed in-house. The compliance structure of Hannover Rück SE was therefore most recently reviewed in 2015 against the backdrop of compliance requirements associated with Solvency II.




At Hannover Re the Chief Compliance Officer as well as the Compliance Department ensure that employees are familiar with applicable laws, standards and other external directives. A worldwide compliance network of responsible compliance officers at the international locations supports the Chief Compliance Officer in his duties and reports directly to him. This means that local compliance violations can also be reported directly outside the local hierarchy. The Executive Board is updated on compliance issues in an annually compiled report.

With a view to improving cooperation within the compliance network on the European level, Hannover Re organises an annual gathering of European Compliance Officers. Supplementary to this, conference calls are held in the other quarters when the meeting does not take place. This brings about closer coordination and facilitates verification of the implementation of compliance measures.

The Compliance Unit is complemented by Compliance Committees, the members of which come from the business groups as well as from the areas of Legal, Finance, Accounting and Investments. The Compliance Committees examine contracts with a special eye to compliance with supervisory law, accounting requirements and other standards.

Adherence to internal company policies is safeguarded by the cooperation between the Chief Compliance Officer and other departments such as Group Auditing. A Web-based and anonymous whistleblower system has also been set up for the Group companies so as to enable employees, customers and third parties to report serious compliance violations in the respective local language or in English. Any tips and the resulting measures taken are included in the annual compliance report. In the year under review a tip was received through the Group-wide whistleblower system regarding alleged wrongdoing. After closer investigation, however, this conduct was found to be in conformity with the applicable rules. Employees throughout the Group are able to seek advice on compliance matters through an e-mail address linked to the Compliance Department.

More information on the topic at

-  [Supplier management](#)
-  [Organisation and process of risk management](#)
-  [AR 2015: Compliance](#)

## Anti-corruption training

Irrespective of whether or not they belong to the ranks of management, all new members of staff at Hannover Re in Germany participate in our compliance training when they join the company; this covers, among other aspects, the topic of corruption and appropriate practices that are in conformity with the law. In 2015 three training activities were held for altogether 87 employees. In order to raise awareness among the workforce of compliance issues such as combating corruption, we use traditional communication channels including intranet portals and online newsletters. Particularly important in this context are e-mail circulars on the latest developments in financial sanctions and embargos that are sent to the affected departments and Local Offices.

## Compliance Report

The Compliance Report for the 2015 calendar year was submitted to the Finance and Audit Committee in March 2016. The report describes the structure and wide-ranging activities of Hannover Re in this connection. The results of the separate data privacy reporting for the 2015 calendar year are also included in the Compliance Report. After in-depth explorations of topics such as directors' dealings, ad hoc and other notification obligations, the insider list, consultancy agreements, data privacy and international sanctions, the report concludes that only a few facts and circumstances were known that would suggest violations of compliance-related provisions. Altogether, six compliance-related incidents were reported. After extensive examination of these incidents the necessary precautions were taken in order to ensure for the future that Hannover Re is in conformity with the internal and external requirements governing its business activities. As a consequence of the incidents, internal audit measures were taken to improve the internal control system on the local level and at the interface between Home Office and branch as well as to monitor adherence to the corresponding guidelines more attentively.

A compliance risk analysis was carried out in the year under review in cooperation with the areas of Human Resources Management, Accounting and Taxation. As a result of this risk analysis, the identified risks of non-compliance and the steps taken to prevent non-compliance were documented and examined with an eye to their adequacy.

## Legal framework

Hannover Re's Group Legal department continuously assesses requirements arising out of the applicable legal framework and monitors them with an eye to any relevant current developments. In the year under review we identified only one significant change in the legal framework conditions relating to ecological or social aspects.

### Conduct of energy audits

By means of the Act on Partial Implementation of the European Energy Directive dated 15 April 2015 the Federal Republic of Germany enacted into law the mandatory conduct of regular energy audits at large enterprises. Under the legislation, large enterprises that have a turnover of more than EUR 50 million and employ more than 250 staff are now required to conduct an energy audit for the first time by no later than 5 December 2015 and every four years thereafter. An exemption from the obligation to carry out an energy audit is available solely for companies that have an energy management system in accordance with DIN EN ISO 50001 or for those that have successfully implemented a validated environmental management system as defined by the directive, known specifically as EMAS (Eco-Management and Audit Scheme), or have concrete plans to do so by the stipulated deadline. With this in mind Hannover Re decided in the year under review to convert its existing environmental management system according to DIN EN ISO 14001 to the more comprehensive environmental management system EMAS in 2016 and going forward to publish an annual environmental EMAS statement in the EMAS register.

More information on the topic at



Website: EMAS



AR 2015: Notes 7.5

## Tax framework

As a globally operating reinsurance undertaking, Hannover Re is subject to the changing tax laws of the respective legal systems. We pay the incurred taxes according to the applicable legal provisions.

The tax expenditure of Hannover Re in the financial year was EUR 150.6 million higher than in the previous year at EUR 456.2 million (EUR 305.6 million). This increase is largely attributable to the sharp rise in pre-tax profits compared to the previous year. In addition, the raising of the trade tax multiplier for the City of Hannover led to an increase in deferred taxes. The effective tax rate amounts to 27.3% (22.3%).

In order to ensure that going forward, as in the past, tax returns can continue to be complete and filed on a timely basis, Hannover Re is currently working on implementation of a "Tax Compliance System". In this regard it is necessary to identify all relevant task areas and responsibilities, set out clear rules for them in a company-wide guideline and translate them into practice in the context of processes. The task areas in question are not exclusively those handled by the Taxation Department. Overall responsibility for dealing with tax matters rests with the Chief Financial Officer of Hannover Re.

## Data privacy

Ensuring confidentiality, data privacy and data security is of the utmost importance to Hannover Re. The most significant rules in this regard are set out with binding effect for all members of staff in our Code of Conduct and in our information security and data privacy policies.

Furthermore, our structures ensure that customer-related data is handled in conformity with all laws. In this regard, Hannover Re's Data Protection Officer assumes all functions, responsibilities and rights as set out according to the German Federal Data Protection Act (BDSG).

More information on the topic at



Website: Compliance

His tasks include, among others, working to ensure adherence to provisions governing data privacy, e.g. monitoring the proper use of data processing programs that are used to process personal data. Sharing knowledge about data privacy and drawing up the annual activity report also form part of his scope of duties.

No complaints were received about privacy breaches affecting customer data or the loss of such data during the period under review. There was therefore no requirement to fulfil the duty to notify data breaches in the event of data mishaps pursuant to § 42a BDSG.

## Sanctions

Observance of applicable sanctions plays a central role on account of Hannover Re's international orientation. Hannover Re has enshrined the requirement for compliance with sanction provisions applicable to the company in its Code of Conduct and Underwriting Guidelines. In addition, a Sanctions Screening Guideline is in place, stipulating when members of staff must perform sanctions screening with respect to the initiation of contracts and/or the payment of claims. A software-supported check continuously verifies whether the company's data inventories include the names of persons who are subject to sanctions and with whom no business may be transacted. In the year under review additional Local Offices were connected to this software-based screening tool. If the software alerts the user to any names, the reported alerts are investigated in a two-step process. If actual matches are determined between the company's data inventory and a relevant list, defined processes are followed in order to prevent contract formation or the payment of funds to listed individuals and the monies in question are frozen. The training given to new members of staff also includes a section on sanctions, with the result that all new employees at Home Office in Hannover receive basic instruction in sanctions law.

Underwriters and claims managers receive additional training in the use of the screening software as well as in the scenarios in which a sanctions check must be made. Further training activities are offered as needed and on an individual basis for affected departments. Each working day staff in Group Legal check the Official Journal of the European Union for changes in sanctions law on the EU level and publicise relevant changes Group-wide without delay.

Our Compliance Management System for sanctions was reviewed in the year under review by an external firm of auditors and consultants. No significant shortcomings were identified in this context.

The sanctions screening software identified one individual in the Group's data inventory in the year under review who is the subject of an assets freeze. An assets freeze was imposed on this individual in October 2015 and this immediately triggered an alert by the software. The policy was suspended at once and the incident was reported to the responsible authority. This incident demonstrates the effectiveness of the screening process.

## Risk management

Our risk strategy, the Framework Guideline on Risk Management and the system of limits and thresholds for material risks of Hannover Re constitute the central elements of our risk management system. The steering of all material risks is the task of the operational business units. The monitoring of all identified material risks is a core task of Group Risk Management.

The parameters and decisions of the Executive Board with respect to the risk appetite of the Hannover Re Group are fundamental to the acceptance of risks. These are based on the calculations of the company's risk-bearing capacity. Through our business operations on all continents and the diversification between our Property & Casualty and Life & Health reinsurance business groups we are able to effectively allocate our capital in light of opportunity and risk considerations and generate a higher-than-average return on equity.

More information on the topic at



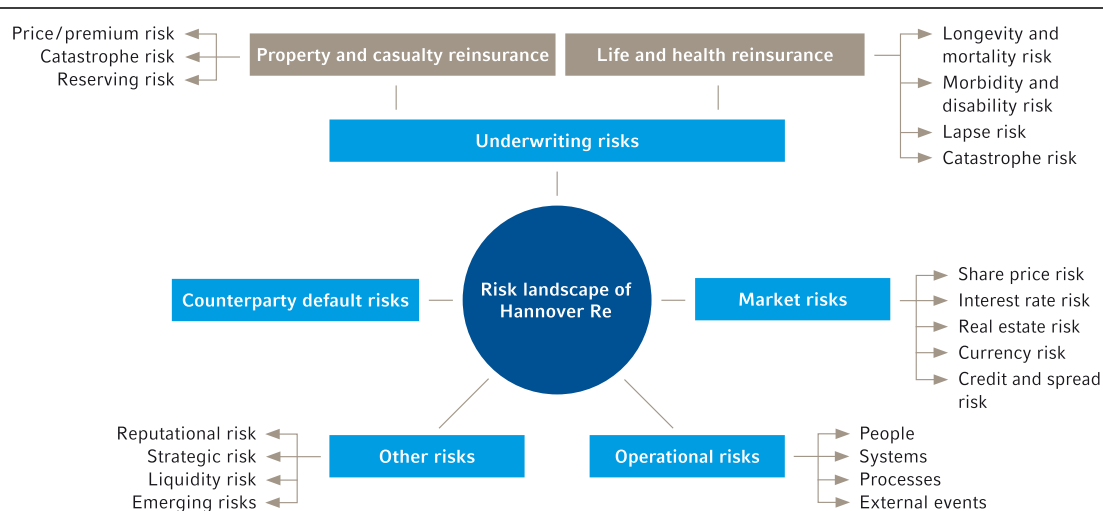
AR 2015: Opportunity and risk report

## Risk landscape

The risk landscape of Hannover Re encompasses:

- underwriting risks in property & casualty and life & health reinsurance which originate from our business activities and manifest themselves inter alia in fluctuations in loss estimates as well as in unexpected catastrophes and changes in biometric factors such as mortality,
- market risks which arise in connection with our investments and also as a consequence of the valuation of sometimes long-term payment obligations associated with the technical account,
- counterparty default risks resulting from our diverse business relationships and payment obligations inter alia with clients and retrocessionaires,
- operational risks which may derive, for example, from deficient processes or systems and
- other risks, such as reputational and liquidity risks.

**Risk landscape of Hannover Re**



We make a fundamental distinction between risks that result from business operations of past years (reserve risk) and those stemming from activities in the current or future years

Emerging risks play a particularly important role for Hannover Re because the content of such risks cannot as yet be reliably assessed with respect to the treaty portfolio. It is therefore vital to detect these risks at an early stage and then determine their relevance. Emerging risks include those associated with so-called megacities as well as risks posed by pandemics, the use of nanotechnology and the rise in digitisation/cybercrime.

The internal working group on emerging risks and the natural perils risk management team also regularly examine and review the latest scientific insights into climate change. For us, as a reinsurer, climate change brings both risks and opportunities: on the one hand, we can anticipate increased demand for reinsurance services, while on the other hand the potentially elevated catastrophe risk may result in a greater financial burden for our company. Strategies for dealing with the risks inherent in such perils are of the utmost importance to our company in its reinsurance operations. It is for this reason that our department specialising in the coverage of agricultural risks and the "Business Opportunity Management" team (from 2016 onwards: "Innovation Management") work on products that can alleviate the financial impacts of climate change.

More information on the topic at



AR 2015: Opportunity and risk report



## Organisation and process of risk management

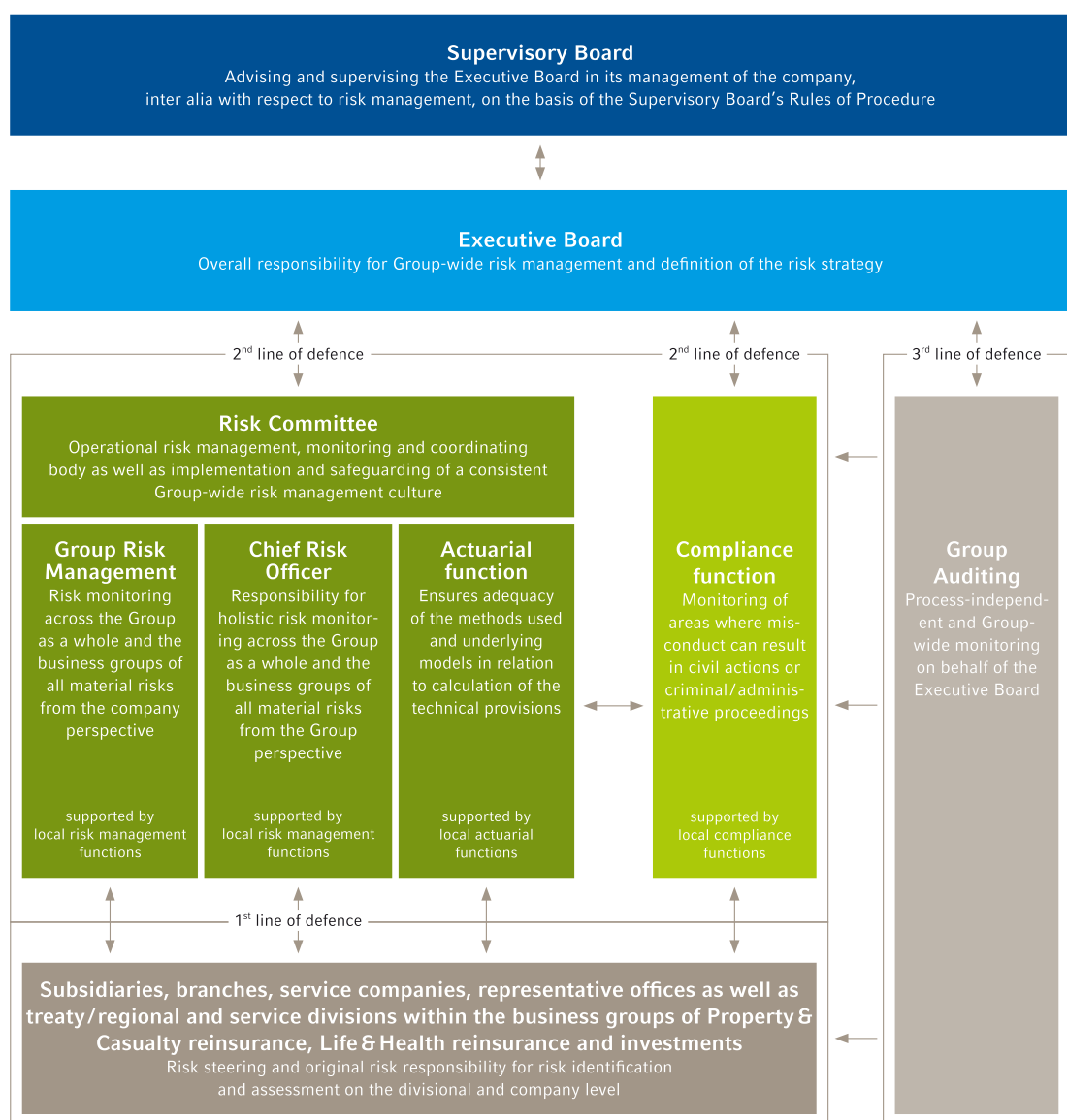
Hannover Re has set up risk management functions and bodies Group-wide to safeguard an efficient risk management system. The organisation and interplay of the individual functions in risk management are crucial to our internal risk steering and control system. Responsibility for Group-wide risk management and the risk strategy rests with the Executive Board. The Supervisory Board advises the Executive Board on matters of risk management – among other things – in accordance with its Rules of Procedure.

The central functions of risk management are closely interlinked in our system and the roles, tasks and reporting channels are clearly defined and documented in terms of the so-called "three lines of defence". The first line of defence consists of risk steering and the original risk re-

sponsibility on the divisional or company level. Risk management ensures the second line of defence – risk monitoring. It is supported in this regard by the actuarial function and the compliance function. The third line of defence is the process-independent monitoring performed by the internal audit function. Supplementary to this, Group-wide risk communication and an open risk culture are important to our risk management. Regular global meetings attended by the actuarial units and risk management functions serve as a central anchor point for strategic considerations in relation to risk communication and risk culture.

The following chart provides an overview of the central functions and bodies within the overall system as well as of their major tasks and powers:

### Central functions of risk monitoring and steering



## Sustainability risks and opportunities

For the purpose of early detection of emerging risks Hannover Re has had in place for many years an efficient process that spans divisions and lines of business and it has ensured its linkage to risk management. Operational implementation is handled by an expert working group assembled specially for this task. Along with the identification and evaluation of emerging risks, these specialists also focus on the analysis of global long-term trends. The working group reports quarterly on its findings to the "Emerging Risk Committee", which is led by a member of Hannover Re's Executive Board.

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. Innovative ideas from our staff that can be successfully translated into new business models are rewarded by the company – including in financial terms. The stand-alone organisational unit "Business Opportunity Management" (from 2016 onwards "Innovation Management" as part of the Unit "Regulatory Affairs & Innovation") has been set up specially for this purpose. This service unit deals systematically with ideas and business opportunities and it concentrates its activities on generating additional premium volume with profit potential. In this context, among other things, ideas for new business opportunities are evaluated and refined and optimal framework conditions for acting on them are put in place.

More information on the topic at



AR 2015: Opportunity and risk report



Website: BaFin

## Risk capital (Solvency II)

A stable financial market is of vital importance both for global sustainable development and for us as a listed company. Particularly noteworthy in the period under review was the agreement reached in November 2013 on the implementation of Solvency II effective 1 January 2016. The Solvency II Directive has the principal goals of strengthening protection for insureds, creating consistent competitive standards in the insurance sector within the single European market and hence safeguarding uniform supervisory practice in Europe. At Hannover Re we have long practised a risk-based, value-based management approach of the type called for under the supervisory regime of Solvency II, and we were quick to begin preparing for the requirements of Solvency II. Our internal capitalisation targets comfortably exceed the regulatory capital requirements. Hannover Re is therefore well placed for the capital requirements under Solvency II. We also apply the know-how gained in the development of our internal capital model, which was approved by the Federal Financial Supervisory Authority (BaFin) in August 2015, to the design of individual reinsurance solutions for primary insurers.

## Stakeholder dialogue

### G4-24, G4-25, G4-26, G4-27

Hannover Re maintains an open dialogue with its stakeholders and has made the further systematic expansion of dialogue channels a goal of its Sustainability Strategy 2015-2017. By sharing information and opinions with our stakeholders we are able to integrate, as far as possible, the expectations and aspirations of the various groups into our business operations. Furthermore, this dialogue helps to identify risks and opportunities at an early stage and serves to build trust.

The stakeholder universe of Hannover Re was defined in the context of the elaboration of the Sustainability Strategy. The selection of relevant stakeholders is based on our business operations and our geographical presence, and is regularly reconciled with representatives of the business units. The following stakeholder groups are particularly relevant to Hannover Re: our clients, our employees, the public sector, non-governmental organisations (NGOs) and the capital market.

We maintain an ongoing dialogue with our stakeholders in a variety of ways. Through conferences, roadshows and one-to-one meetings, for example, we stay in contact with representatives of the capital market. Analysts and institutional investors make the most of our annual Investors' Day, among other things, to engage in an intensive exchange with our Executive Board. Our employees cultivate the dialogue with our worldwide customers through direct, face-to-face discussions. Furthermore, we regularly measure customer satisfaction with the involvement of external market research institutes. We similarly engage in an ongoing dialogue with political decision-makers, supervisory authorities and insurance industry associations – mostly in relation to topical issues in insurance supervision and financial market regulation in Germany, the European Union and on the international level. In this context Hannover Re contributes its specialist expertise from business practice to the public debate. Hannover Re is also a member of various associations, advocacy groups and organisations.

## Dialogue formats

In 2013, with a view to stepping up our dialogue with stakeholders on sustainability issues, we conducted a survey with the participation of 30 representatives spanning the capital market, clients, staff, NGOs and public sector workers. According to the stakeholders, it is in the field of responsible enterprise management that Hannover Re's activities are most widely recognised and most favourably evaluated. Room for improvement was identified in the areas of sustainability communication and product responsibility as well as in relation to corporate environmental protection and employees. Of central significance to our stakeholders are entrepreneurial responsibility with respect to economic aspects as well as product responsibility, including asset management. It is also important to pay attention to emerging global concerns. These are: renewable energy sources, climate change, environmental protection, financial inclusion and tax policy. We took into account the opinions of our stakeholders when defining the focus topics of our Sustainability Strategy.

### Dialogue with ESG rating agencies

In keeping with our goals defined in the Sustainability Strategy 2015-2017, we are also currently expanding the dialogue with ESG rating agencies. In the present Sustainability Report we are therefore reporting at greater length on topics that came up in discussions with rating agencies. These include, among other things, tax policy and the taxes paid by Hannover Re, current research activities on ESG topics and products as well as cooperation with primary insurers on the management of ESG issues.

Based on the GRI Report that we published for 2014, Hannover Re was evaluated in the last financial year by the rating agency oekom research AG with an eye to its sustainability performance and – in recognition of its above-average fulfilment of the sector-specific requirements – was again awarded "Prime" status. Not only that, since 2014 Hannover Re has been listed in the FTSE4Good, a worldwide index series based on sustainability ratings according to Environmental, Social and Governance (ESG) criteria. Furthermore, in the 2015 financial year Hannover Re was also evaluated by the ESG rating agencies Robeco SAM, Sustainalytics, Vigeo, MSCI and Sustainability Intelli-

gence; the company engages in a continuous dialogue on rating-specific sustainability issues as part of the annual rating processes.

### Cultivating our customer relationships

We participate in an ongoing dialogue with our clients around the world. Customer relationships are normally maintained by individual divisions at Hannover Re. In this regard, the Life & Health reinsurance business group is especially committed to long-term customer relationships founded on a trusting and partnership-based approach. Since 2014 we have published the quarterly newsletter "ReCent Medical News" as a source of information that enables our customers to learn about the latest research results in various fields of medicine as well as new methods with a bearing on medical underwriting.

The Property & Casualty reinsurance business group has organised the seminar series "Building Bridges" since 2012. The seminars, which are held once a year, enable it to respond more closely to the individual reinsurance needs of our customers.

### International employee survey

Hannover Re also conducts employee surveys at regular intervals. In 2015 we carried out our first international, Group-wide employee survey. The purpose of this survey was, in the first place, to continue the dialogue around a uniform conception of values and leadership that had been initiated in recent years. A key finding was the very high level of satisfaction identified among our staff. This is true both of the average evaluation across all questions and for virtually all individual questions. The strong motivation and commitment expressed by our employees is especially gratifying. When it comes to room for improvement, they pointed to a broader-based system of remuneration and further improvements in the support given to their continuing individual training. Based on these insights, we shall evaluate the results in detail in the course of the current financial year and initiate measures. The goals will be to leverage higher-level improvement potentials and to support the individual units in their efforts to engage with their own results.

More information on the topic at

-  Website: Ratings
-  AR 2015: International employee survey
-  Website: ReCent Medical News

## Advocacy groups and memberships

Together with its stakeholders, Hannover Re takes part in numerous initiatives on sustainability issues. Contributing our specialist expertise, we get involved in the work of associations and societies, advocacy groups and organisations and we support the discourse about sustainability in society.

In the context of the "Climate Alliance Hannover 2020", a joint project of the state capital and Greater Hannover region, Hannover Re has undertaken to emit 40% less harmful greenhouse gases by 2020 than in the base year of 1990. Hannover Re's emissions have been regularly checked every two years since 2011.

Under the "Climate Alliance" Hannover Re additionally participates in the Business Strategy Group of the "Master Plan 2050 for the City and Region of Hannover, 100% for Climate Protection".

Since 2007 Hannover Re has also taken part in the "Ecological Project for Integrated Environmental Technology" (Ecoprofit) of the Greater Hannover region. The underlying idea of the project is the connection between economic gain and ecological benefit through preventive environmental protection. The participating companies are regularly involved in work on specific topics such as "Ecoprofit in the Urban Development Process" and "Current Changes in Energy Management". The energy-saving successes already achieved are regularly publicised in the relevant project publications.

On the international level the Chief Executive Officer of Hannover Re is a signatory to the Geneva Association's "Climate Risk Statement". In May 2014 Hannover Re's CEO – together with the Chief Executives of a further 65 of the world's leading insurance undertakings – reaffirmed his support for this declaration, which had originally been made in 2009. The guiding principles set out therein describe how the insurance industry will play its part in global efforts to tackle climate-related risks. These include activities in the areas of product innova-

tion, climate research and investment. Hannover Re is additionally represented on the "Extreme Events + Climate Risk Working Group" of the Geneva Association.

The design of our investment policy is guided primarily by the ten principles of the United Nations Global Compact. We work towards safeguarding decent working conditions in our supply chain. Our Code of Conduct for Suppliers requires respect for human rights and compliance with the core labour standards of the International Labour Organisation (ILO).

## International memberships

Hannover Re is a member of numerous national, regional and global associations, interest groups and organisations. Employees of the Hannover Re Group participate in working groups on various topics and contribute their specialist expertise to relevant discussions.

The following list shows a selection of the most significant bodies to which the company belongs:

- American Council of Life Insurers ([www.acli.com](http://www.acli.com))
- Chief Risk Officer Forum ([www.thecroforum.org](http://www.thecroforum.org))
- German Insurance Association ([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))
- International Actuarial Association ([www.actuaries.org](http://www.actuaries.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))
- Reinsurance Advisory Board des Verbandes Insurance Europe ([www.insuranceeurope.eu](http://www.insuranceeurope.eu))
- South African Insurance Association ([www.saia.co.za](http://www.saia.co.za))

More information on the topic at

-  Emissions
-  Website: Investor Relations
-  Website: Product responsibility
-  Website: Ökoprofit

-  Website: Geneva Association
-  Website: United Nations
-  Website: International Labour Organization
-  Website: Klima-Allianz



# Product responsibility

---

People with a healthy lifestyle are – at least statistically speaking – less susceptible to disease and disability. Lifestyle programmes are designed to motivate people to live a healthy life. This means that insurers can grant premium discounts, extend the scope of coverage or offer attractive rewards – while at the same time having to make lower claims payments. Hannover Re participates in such lifestyle programmes, contributing its know-how and helping its customers to carry the risk. The concepts developed for the South African market have the potential to grow into the largest incentive-based scientific wellness programme in the world; they have already been successfully adopted in other countries.





## Product responsibility

The Hannover Re Group transacts all lines of property & casualty and life & health reinsurance worldwide. Our products and services are optimally tailored to the individual requirements of our clients and the specific conditions of each market. In this context, our high ethical and moral standards are just as applicable to our products and services as they are to our dealings with our customers.

The overarching guideline for the sustainable design of our products and services is our Sustainability Strategy 2015-2017, which has been approved by the full Executive Board. In 2015 we already took the first steps towards achieving the goals that we have set ourselves: in the growing microinsurance market Hannover Re intensified its collaboration with primary insurers in Pakistan, the Philippines and Indonesia. We are encouraging the development of products in response to climate change, such as weather insurance and the coverage of energy saving warranties, by extending these products to include other European countries. We are also taking an active part in the development of index-based disaster finance concepts that guarantee rapid financial assistance for countries in South America and Asia in the event of natural catastrophes.




In designing our range of products and services we apply insights gained from our research activities on topics such as the turnaround in energy policy, climate change, new mobility and shifting demographics in order to be able to identify emerging risks and devise specific solutions at an early stage. A Group-wide risk management system enables Hannover Re to maintain a dedicated focus on its potential risks. Social and environmental risks are similarly taken into account as part of the analysis of emerging risks. Furthermore, our subsidiary E+S Rück also offers our customers – i.e. primary insurers – various services and applications for the purpose of risk analysis.

Along with our product portfolio we have also stayed focused on our investment portfolio, which is managed with the same sense of responsibility. Hannover Re's investment policy is geared to the generation of stable and risk-commensurate returns while at the same time safeguarding liquidity and solvency. In addition, we incorporate ESG (environmental, social and governance) criteria into our investment policy. Not only that, the existing ESG Investment Policy was refined in 2016 and supplemented with a best-in-class investment approach. A designated ESG officer on the investment team ensures that ESG criteria are applied and that the policy is followed.

Hannover Re is engaged primarily in business-to-business activities and maintains close contacts with its customers – either directly through its staff or indirectly through reinsurance brokers. By means of conferences that we hold on specific topics, seminars, business trips and our presence at trade fairs and specialist gatherings, we enable clients to share in our insights and thereby consolidate our customer relationships. Further examples of our efforts to promote dialogue are the newsletter "ReCent Medical News" launched in 2014 to report on medical research with a bearing on insurance and the new "Building Bridges" seminar concept for property and casualty reinsurance.

We measure the satisfaction of our clients at regular intervals and are gratified by the positive outcome of the customer surveys conducted in the year under review. Various awards and distinctions, including for example the crowning of our company as "Reinsurance Company of the Year" by the highly regarded UK insurance magazine "Reactions", testify to our outstanding performance.

More information on the topic at

-  [Corporate strategy](#)
-  [Sustainability Strategy](#)
-  [Code of Conduct](#)

## Risk expertise




In the context of its business operations Hannover Re enters into a broad range of risks. These risks are consciously accepted and steered in order to be able to act on the associated opportunities. We manage the process through our Group-wide risk management system, in which the individual elements are closely interlinked and the roles, tasks and reporting channels are clearly defined and documented in guidelines. This makes possible a common understanding of the Group-wide, holistic monitoring and steering of all material risks.

Social and environmental risks are considered as part of the analysis of emerging risks. Emerging risks are future risks that cannot be definitively assessed with any reliability. It is vital to detect and evaluate these risks at an early stage. A separate working group of specialists is therefore deployed Group-wide in a process that cuts across divisions. The members of the working group on "Emerging Risks and Scientific Affairs" regularly attend conferences on selected risks and engage in a dialogue with other globally operating risk managers. This dialogue encompasses, among others, universities, other reinsurers, customers,

industry associations such as the Geneva Association and the German Insurance Association (GDV) as well as political actors. In 2015, for example, Hannover Re took part in a panel discussion organised by the Geneva Association on the subject of pandemics. Hannover Re also participates on a regular basis in a working group of the Geneva Association focused on "Extreme Events and Climate Risks". In the context of the Chief Risk Officer (CRO) Forum we contribute to the development and sharing of best practices in risk management. Discussion papers on topical risk issues also assist Hannover Re in the risk assessment process and play a part in fostering public discourse. In our Sustainability Strategy for the years 2015 – 2017 we have set ourselves the goal of further expanding the dialogue on emerging risks.

Our clients similarly benefit from Hannover Re's risk expertise. Through our subsidiary E+S Rück, for example, we offer primary insurers a range of different services and applications for risk assessment.

More information on the topic at

-  [Stakeholder dialogue](#)
-  [Risk management](#)
-  [AR 2015: Opportunity and risk report](#)

## Risk behaviour

The risk strategy of Hannover Re approved by the Executive Board defines both the strategic orientation and the risk appetite. Furthermore, we manage natural perils business – which is subject to particular volatility – by specifying risk measures, limits and thresholds in order to reduce potential accumulation risks for the Hannover Re Group. With our General Underwriting Guidelines and Special Underwriting Guidelines we have at our disposal dedicated policies that substantiate our business decisions. Our underwriters receive regular training as required. The policies and strategy are made available to all underwriters and are consistently applied.

As a general principle, every identified risk that is considered to be material is evaluated quantitatively by Hannover Re. Only risk types

for which quantitative risk measurement is currently not possible or scarcely practicable are qualitatively evaluated, for example by means of expert assessments. Such risks include, for example, strategic risks and reputational risks.

Risk management is permanently integrated into Hannover Re's business processes. It is supported by transparent risk communication and an open approach to dealing with risks. Risk communication takes the form of, among other things, internal and external risk reports, information on current risk complexes published in the intranet and training activities for staff. The regular sharing of information between risk-steering and risk-monitoring units is fundamental to the proper functioning of risk management.

More information on the topic at

-  [Risk management](#)
-  [AR 2015: Opportunity and risk report](#)

## Risk assessment

Emerging risks directly affect our treaty portfolio, not only in the form of potential risks (e.g. liability issues) but also in the form of opportunities (such as those associated with increased demand for reinsurance products). Close coordination therefore takes place between the working group on "Emerging Risks und Scientific Affairs" and Hannover Re's central risk monitoring function. In addition, the evaluation results are integrated into the quarterly internal risk reports, which serve to keep the Executive Board – among others – updated on material risk assessments. The insights and risk assessments of the working group are utilised Group-wide in order to determine any measures that may be needed. A committee was set up in January 2015 to safeguard this process. The committee supports the coordination and implementation of recommendations relating to emerging risks. In this way, we ensure that the recommendations made by the working group are factored into underwriting decisions. The committee also takes responsibility for the fine-tuning of position papers and the assessment of new emerging risks.

In addition, our "Future Radar" working group evaluates trends and issues of the future (e.g. weather derivatives, shortage of resources, healthcare market, cyber crime) and determines how any identified business opportunities can subsequently be acted on through marketable primary insurance and/or reinsurance products. For this purpose, specific subject fields are explored by interdepartmental and interdisciplinary teams and analysed with an eye to business potentials that can be leveraged.

## Climate change

Climate change, defined as naturally occurring changes in climatic conditions or those caused by human activities, constitutes a major environmental risk. Owing to the multidimensional nature of the topic, Hannover Re draws on the insights of not only insurance specialists but also geophysicists, meteorologists, seismologists and mathematicians. They evaluate the natural hazards, analyse their economic impacts and monitor them, inter alia on a regional basis.

As a member of the International Insurance Law Association (AIDA), we also regularly share insights with insurers and reinsurers in the "Climate Change" working group on coverage concepts and on loss events that may be attributable to climate change. By way of natural hazards modelling, for example, risk management standards are developed for dealing with natural disasters, as illustrated by the models for managing windstorm, flood, hail and earthquake risks. At the beginning of 2015 we successfully completed the development of a simulation model for the earthquake risk in Germany.

In the field of natural hazards modelling we cooperate with universities and research institutions and provide financial assistance to appropriate initiatives. For example, Hannover Re has been a long-time supporter of the Geo Research Center in Potsdam and the Global Earthquake Model Foundation (GEM), whose mission is to improve public understanding and awareness of earthquake risks worldwide by promoting science and establishing consistent standards as well as to reduce the impacts of earthquakes on populations and concentrations of values.

Hannover Re is working to build an extensive knowledge base for the evaluation of climate risks in cooperation with universities, government organisations and competitors. The digital library already encompasses more than 300 scientific papers and will be further expanded. They tackle a range of subjects, including the effect of rising temperatures on natural disasters and the correlation between natural catastrophe events across different regions.

In addition, experts from Hannover Re regularly attend conferences – including the United Nations Conference on Climate Change in 2015.

## Services and applications





Our subsidiary E+S Rück, which bears responsibility for German business, offers various services and applications so as to be able to identify potential risks for its clients. These include, for example, simulation models used to calculate and capture (potentially extreme) events and the associated losses such as "es I bebt" and "es I hagelt" (for the earthquake and hail risks respectively) as well as a service offering for underwriting of the flood risk in Germany ("es I flutet"). Similar tools have been developed to assess and evaluate accident risks ("es I unfallt"). In the area of functional disability insurance E+S Rück assists its customers with the aid of the underwriting software "es I meRiT" and thereby makes it possible to cover accident and other disability risks by means of risk-specific adjustments in terms and conditions – even for individuals with an already impaired state of health.

E+S Rück works with cooperation partners such as the rehab service provider RehaAssist so as to enable severely injured policyholders to recover as comprehensively and quickly as possible. Another cooperation partner is the Malteser aid agency, which helps insurance customers who have been injured – for example after an accident – to reintegrate into daily life by providing a range of assistance services.

In life and health reinsurance we want to offer our customers broad and individually tailored support that extends beyond pure risk assumption to include the successful provision of a diverse range of services. In the field of medical Underwriting we discuss topical and relevant medical issues through various channels, including our newsletter "ReCent Medical News". Similarly, when it comes to our electronic

underwriting manual "hr | Ascent" – which gives our customers comprehensive support for individual risk assessment – we focus on continuous revision and enhancement so as to be able to map the latest market developments at all times. Furthermore, our international network enables us to quickly and directly transfer innovative new reinsurance solutions to other markets.

More information on the topic at

-  Risk management
-  AR 2015: Opportunity and risk report
-  Website: ReCent Medical News
-  Website: hr | Ascent

## Sustainable insurance solutions

The Hannover Re Group transacts all lines of property & casualty and life & health reinsurance worldwide. By delivering sustainable insurance solutions such as microinsurance and agricultural insurance products we contribute to social development in structurally deprived regions. These protect people with scant financial means against fundamental risks such as illness, disability, the consequences of natural disasters or crop failures. In our sustainability strategy we have set ourselves the goal of further expanding sustainable reinsurance solutions and stepping up our collaboration with primary insurers

### Solutions in property & casualty insurance

Demand for the insurance of agricultural land and livestock continues to grow, especially in view of a steadily rising need for food and the effects of climate change. This is especially true of developing countries. In 2015 we wrote premium in the mid-triple-digit millions (EUR) in the area of agricultural risks, with around three-quarters of the total amount coming from developing and emerging markets in South America, Asia and Africa.

Safeguarding agricultural production is particularly important for the development of poor regions. In the year under review we therefore embarked on cooperation projects with governments and international organisations with the goal of expanding agricultural insurance. In Peru, for example, our involvement enables more than 450,000 peasant families to insure their crops against damage from flood, drought, hail or frost and hence rely on a secure minimum income. In Burkina Faso our engagement enabled 6,200 farmers to obtain insurance coverage for their cotton production.

Particularly in view of the considerable risk potential, minimising adverse environmental effects is a key goal for Hannover Re. With this in mind, we are always interested in working together with our clients to develop insurance solutions specifically designed to deliver environmental benefits.

In cooperation with our partners "Energi" in the United States and "b2bProtect" in Europe, we offer concepts that create incentives for businesses to invest in energy-saving technologies. In this connection Hannover Re covers the energy savings warranties given by energy service providers. Building on successes in Germany, the coverage solution was also rolled out in other European markets. Working to-

gether with its partner "b2bProtect", Hannover Re has also developed parametric weather insurance products for its customers that enable companies to protect themselves against interruptions and losses. These help to alleviate the impacts on business operations of adverse weather situations, which are becoming increasingly severe against the backdrop of climate change.

Generally speaking, insurance can create incentives to invest because the possibility of receiving deficiency payments makes the investment decision easier. The "Energie Einspar Protect (EEP)" programme, for example, incentivises private and commercial customers to invest in energy-saving technologies and solutions through the guaranteed return on investment.

Through our activities in the area of Insurance-Linked Securities (ILS) we support work on index-based Disaster Finance concepts for countries in South America and Asia. These would enable such countries to access funds in a short space of time should a natural disaster occur. The money could then be used immediately for first aid, helping the uninsured, repairing infrastructure and even to make up for lost tax revenues. Only a small number of these concepts have been realised to date. Nevertheless, organisations such as the World Bank have given their seal of approval to the development of these types of risk management concepts on the country level.

### Solutions in life and health reinsurance

On the life and health reinsurance side, Hannover Re is active in the area of government-assisted health microinsurance solutions. Poor sections of the population receive basic coverage for the most important hospital treatments through state-subsidised covers offered by private and government health insurers alike. These programmes are able to reach millions of insureds thanks to their respective government's support. In addition to assisting with risk management functions, we help our customers and the various government agencies in particular with securing on a lasting basis and further expanding the development and supervision of these state-supported health insurance programmes for poorer sections of the population. In India we have been actively involved in the microinsurance market from the outset, with a growing business volume. The microinsurance sector is also expanding in less mature markets such as Pakistan, the Philippines and Indonesia. Here, too, we offer appropriate products in cooperation with primary insurance partners.

Furthermore, we support and promote holistic lifestyle insurance concepts that are geared to insureds' healthy living and factor this accordingly into the pricing. The design and marketing of these insurance products is similarly carried out in cooperation with primary insurers and local partners. Initially rolled out in selected markets, the concept

is being extended to other international markets such as North America, Asia and Europe after enjoying a thoroughly positive response. The combination of insurance protection and an informed and healthy lifestyle are the key drivers behind the considerable appeal and (continuing) dynamic growth of this concept.

More information on the topic at

-  [Company portrait](#)
-  [Advocacy groups and memberships](#)
-  [AR 2015: Life & Health reinsurance](#)
-  [AR 2015: Property & Casualty reinsurance](#)
-  [Website: Life and health reinsurance](#)
-  [Website: Property and casualty reinsurance](#)

## Sustainability in asset management

In the context of its investment policy Hannover Re strives for stable and attractive returns and also takes into account environmental, social and governance (ESG) criteria. We have set out in writing our sustainability strategy in the investment sector in our "Responsible Investment Policy", which was developed in 2011 and updated in 2016. With this we are guided inter alia by the ten principles of the United Nations Global Compact, i.e. we pay attention to aspects relating to human rights, working conditions, the environment and anti-corruption. Furthermore, we avoid exposures to issuers who are involved in the development and proliferation of controversial weapons.

Since mid-2012 virtually 90% of Hannover Re's investments have undergone half-yearly negative screening based on individual ESG criteria that we have developed and continuously review in cooperation with a service provider specialising in sustainability. The portfolio subject to this voluntary screening encompasses the asset classes of fixed-income securities (government bonds and debt securities issued by semi-governmental entities, corporate bonds and covered bonds) as well as listed equities. Securities of issuers identified as "non-adequate" are actively reduced as far as possible. In addition, potential new investments are checked in advance to see whether the issuers violate the defined ESG criteria. Such exposure is rejected if this is found to be the case.

The criteria of the UN Global Compact are used to check entities that issue bonds or equities. Companies that fail to respect human rights or are complicit in human rights abuses thereby violate fundamental principles of the United Nations. Investments in securities of such entities are excluded, as are investments in instruments of issuers that disregard basic labour standards and environmental protection considerations. The primary concern here is with the use of forced or child labour and discrimination as well as with care for the environment and a heightened environmental awareness. Last but not least, exposures to entities that have attracted attention due to corruption are also ruled out. When checking government issuers the focus is on the question of whether – and if so, which – sanctions have currently been imposed on them.

Aside from violations of the criteria of the UN Global Compact, we also avoid exposures to issuers who are involved in the development and proliferation of controversial weapons.

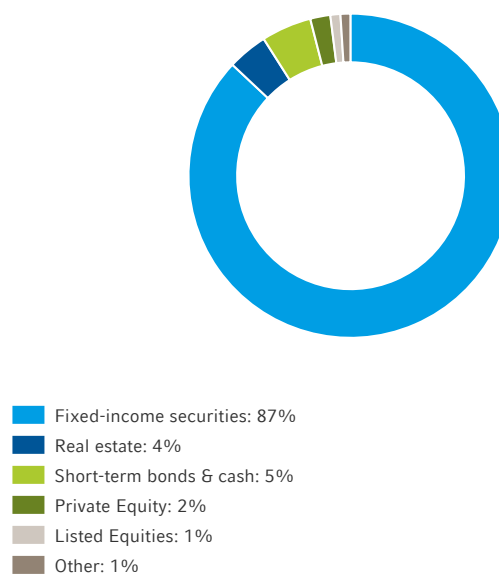
## Active Ownership

In the case of listed equities we are able to influence a company's sustainability orientation through the exercise of voting rights. However, given that the proportion of listed equities in our asset portfolio is only around 1% of Hannover Re's total investments, the effect of engagement in this area is limited relative to our overall investment universe.

For this reason we have not to date adopted any voting guidelines on environmental and social issues in connection with the sustainable orientation of our investments. In the context of our responsibility as an investor we concentrate on the development of the previously discussed ESG criteria and the regular screening of our investments. Should the proportion of listed equities in our total portfolio increase significantly on a lasting basis, we shall revisit the topic of "active ownership" and decide on further steps.

### Asset allocation of Hannover Re

as at 31 December 2015



Book value 2015: EUR 39,8 billion



## Customer orientation and satisfaction





In order to respond quickly and flexibly to individual customer requirements, Hannover Re emphasises flat hierarchies, direct decision-making channels and the importance of equipping underwriters with the appropriate authorities. In addition, we engage in an ongoing and regular dialogue with our clients around the world and use their direct feedback on our efforts for the purposes of further refining our activities. In accordance with our Sustainability Strategy 2015-2017, we continued to step up our exchange of views with customers and expanded our international dialogue channels.

Our customer relationships are cultivated on the level of individual divisions. By means of a direct dialogue we share insights with our customers on (re)insurance topics and regularly engage with the feedback given by our contacts. Through informational events such as the seminar series "Building Bridges" in property and casualty reinsurance we foster an exchange of ideas within the industry on a range of issues, including sustainability. In our customer newsletter "ReCent Medical News" the Life & Health reinsurance division puts out information four

times a year on medical and socioeconomic issues. Our subsidiary E+S Rück holds specialist conferences to share information on claims management and risk management and give presentations on topics such as compliance, sanctions and the reform of insurance supervision law associated with Solvency II. Furthermore, as part of cooperation activities with primary insurers we support the development and supply of sustainable insurance solutions.

We survey the satisfaction of our customers at regular intervals and are delighted by the favourable findings in the year under review. Our customers see Hannover Re as a loyal, sympathetic and trustworthy company. This perception is shaped in part by our risk-appropriate prices, adequate capacities and a reliable value proposition. Over the years Hannover Re has been the recipient of numerous awards that testify to the satisfaction of our business partners. Most recently, for example, we were once again crowned as "Reinsurance Company of the Year" in 2016 by the highly regarded UK insurance magazine "Reactions".

More information on the topic at

-  [Code of Conduct](#)
-  [Stakeholder dialogue](#)
-  [Sustainable insurance solutions](#)
-  [Website: Sustainability Strategy](#)

## Customer relations




Customer Relationship Management (CRM) at Hannover Re promotes an interactive exchange with our customers. Through a regular dialogue and in the context of events we enable our customers to give feedback and initiate an exchange of knowledge on insurance topics. Since 2013 our seminar series "Building Bridges" has included, among other things, a workshop on the theme of "Customer expectations of reinsurers". We visit our customers multiple times a year, not only on the occasion of the treaty renewals but also in connection with current developments and topical issues.

Customer relationships are normally cultivated on the level of individual divisions at Hannover Re. In life and health reinsurance – in contrast to property and casualty reinsurance – we have a direct local presence in most markets due to our decentralised approach and are thus able to engage in a quick and flexible exchange with our customers. In life and health reinsurance we have a direct local presence in most markets due to our decentralised approach and are thus able to engage in a quick and flexible exchange with our customers. In addition to business trips to visit individual clients, we also organise seminars – usually on specific topics – and education & training workshops in the markets where we operate so as to keep our customers informed about the latest issues and developments relating to life and health reinsurance as well as underwriting. Furthermore, our employees attend trade fairs and expert conferences worldwide.

## Customer dialogue

Unlike in retail insurance business, the reinsurance industry is not subject to statutory requirements to provide product or service information to its clients. By way of an ongoing dialogue we nevertheless endeavour to pass on new information relating to the reinsurance industry to our clients. Going forward, we are also working to extend the dialogue on emerging risks.

More information on the topic at

-  Stakeholder dialogue
-  Sustainable insurance solutions
-  Website: ReCent Medical News

In our Property & Casualty reinsurance business group a concept dubbed "Building Bridges" has been launched to cultivate closer customer relationships. The first seminar of the series, which was devoted to the theme of "Advanced Reinsurance Methods, Practices and Current Topics" and spanned several days, was held in 2012 and targeted 20 customers from various countries. The seminar has since been offered once a year.

The quarterly newsletter "ReCent Medical News" exemplifies a new dialogue channel that was opened up in 2014 in life and health reinsurance. The issues published to date on our website, which are accessible to everyone, have already presented and discussed a wide range of medical and socioeconomic topics.

The annual expert conferences organised by E+S Rück offer our German-speaking clients a broad range of information on specific and current specialist issues, such as motor insurance and telematics, as well as on more general overarching topics, such as regulation. We also provide our customers with information on Solvency II, the supervisory regime that entered into force in Europe effective 01.01.2016. Depending on the topic, speakers are on hand from various specialist disciplines, including for example physicians, lawyers or senior figures from our claims management or legal departments.

We also motivate our customers to engage more intensively with sustainability issues in order to increase the availability of sustainable insurance solutions. With this in mind, we further stepped up our cooperation with primary insurers in the year under review and supported the development and supply of sustainable insurance solutions through cooperative ventures. For a detailed description of our cooperation activities and products please see the section "Sustainable reinsurance solutions".

## Customer satisfaction

In order to measure the satisfaction of our customers regionally and Group-wide, we carried out customer surveys in the year under review in various markets including Italy and Australia. We are once again delighted at the outcome, given that our customers confirmed a high to very high overall level of satisfaction.

Since 2000 we have also conducted customer satisfaction surveys in our market department serving Germany, Austria, Switzerland and Italy in a three-year cycle with the goal of achieving continuous quality improvement and an associated boost in customer satisfaction. In Germany we offer a selection of products and services through E+S Rück that is geared to the special features of the German market. Market research carried out by an independent marketing institute in 2016 found that the views of more than 90% of our German customers can be summed up as follows:

"E+S Rück is perceived above all as a loyal, sympathetic and trustworthy company that values long-term customer relationships".

In our business group of Life & Health reinsurance we commission a consulting agency to carry out an annual survey of reinsurance customers in the markets of North America, Europe, the UK, South Africa, Canada and Asia. The data give us a comprehensive customer perspective on the quality of our services as well as an assessment of the perception of the Hannover Re brand in the various markets. We are seeing a constant improvement and rising customer satisfaction. In 2015 our standing in the eyes of our customers on international markets further improved relative to the previous year. The intensive and wide-ranging dialogue that we cultivate with our clients has played a major part in this.

In addition, since 2012 the consulting agency has also provided the Board members responsible for the Life & Health reinsurance business group with an annual global study on the development of different business segments, a dedicated perspective on life reinsurance markets, an area-wide analysis of market penetration and market perception as well as a profile of strengths and weaknesses from the

customer's viewpoint. Most notably, in the financial solutions segment in the United States we are regarded as the market leader and "Best in Class". Our customers find us to be a business partner who is exceptionally easy to work with. Our direct, flexible and quick approach is favourably evaluated by customers and considered a competitive advantage in comparison with our competitors. Our regular analysis of the study's findings also enables us to measure the success of our strategy.

We process the results of our customer surveys and studies in-house so as to identify potential action fields.

## Awards and distinctions

For many years Hannover Re has been the recipient of major accolades for its outstanding performance. In the current year, too, we have received some highly notable distinctions:

"Reactions" once again crowned Hannover Re as "Reinsurance Company of the Year" in 2016. Our Chief Executive Officer Ulrich Wallin was recognised as "Reassurance CEO of the Year" for his achievements. "Reactions" also honoured Hannover Re as the best reinsurer in Columbia this year.

In the "Intelligent Insurer North America Awards 2015" Hannover Re was singled out as "Best Reinsurer for Innovation". The awards for "Client Responsiveness" and "Expertise and Market Knowledge" similarly went to Hannover Re.

The Flaspöhler surveys for the Property & Casualty reinsurance business group deliver valuable insights – on an annual rotating basis – into how US cedants and US brokers see our company. In the 2014 Flaspöhler US Broker Survey Hannover Re achieved the outstanding rating of "Best reinsurer overall" for the sixth consecutive time in twelve years. In the Flaspöhler US Cedant Survey for 2015 Hannover Re placed in the top three.

**Awards received by Hannover Re over the past five years**

Year	Award
2016	Reinsurer of the Year (Reactions London Market Awards)
2016	Reinsurance team of the Year: Specialty Team (Reactions London Market Awards)
2015	Best Reinsurer for Client Responsiveness; GWP > \$2bn (Intelligent Insurer North America Awards)
2015	Best Reinsurer for Innovation; GWP > \$2bn (Intelligent Insurer North America Awards)
2015	Best Reinsurer for Expertise and Market Knowledge; GWP > \$2bn (Intelligent Insurer North America Awards)
2015	Reinsurance Company of the Year (Reactions London Market Awards)
2015	Ulrich Wallin "Reinsurance CEO of the Year" (Reactions London Market Awards)
2015	Best Reinsurer in Colombia (Reactions)
2014	Middle East Award: Best Reinsurer for Client Service (Intelligent Insurer)
2014	Best Argentina Reinsurer (Reactions Latin America Awards)
2014	Best Reinsurer in the rest of South America incl. Peru, Ecuador, Bolivia, Uruguay and Paraguay (Reactions Latin America Awards)
2014	Hannover ReTakaful "Best International ReTakaful Operator of the Year, ReTakaful CEO of the Year: Mahomed Akoob (International Takaful Summit)
2013	Ulrich Wallin "CEO of the Year" (Obermatt/Zurich)
2013	Ulrich Wallin "Outstanding Contributor of the year - Risk" (Insurance Insider)
2012	Reinsurance Company of the Year (Insurance Day)
2012	London Market Award: Reinsurance Company Team of the Year Casualty and Aviation (Reactions)

## Pricing

The foundation of our company's success lies in Hannover Re being perceived by its clients as a sought-after business partner. If we are to be considered the best option, Hannover Re must offer prices

commensurate with the risks, adequate capacities and a reliable value proposition. As a business-to-business service provider, the fair design of our products – i.e. of contracts with primary insurers – is an essential prerequisite for our business. Hannover Re expects integrity from all its employees at all times in dealings with clients; this is stipulated in our Code of Conduct, which is applicable worldwide.

More information on the topic at

 Website: Sustainability Strategy

# Employees

---

Hannover Re is "somewhat different" in many respects. Our business involves a complex interplay between numerous different areas. That is why people from more than 40 nations and a diverse range of specialist disciplines work for our company: mathematicians, economists, business experts, legal practitioners, engineers, medical professionals, meteorologists, physicists, etc. The uncomplicated dialogue between colleagues and supervisors and streamlined access to decision makers are a top priority for us. Feedback is given quickly and directly. After all, despite state-of-the-art communication technologies practice shows us that short hierarchical channels are especially conducive to the successful transfer of knowledge.



## Employees

Our employees are one of our company's most important success factors. Employing successful staff on a long-term basis is one of the ten key points of our Group Strategy. With this in mind, we systematically support the professional growth, personal development and health-related well-being of our employees and enshrine this approach in the strategic principles governing our human resources management.

In the context of our Sustainability Strategy 2015-2017 we have defined concrete measures for employee development and employee advancement, which we are acting on purposefully and continuously expanding.

As a central interface function, Hannover Re's human resources management is steered worldwide from Home Office in Hannover. The Chief Executive Officer of Hannover Re, within whose scope of responsibility human resources falls, is responsible for ensuring that the measures defined in the Sustainability Strategy are realised.

In 2015, in keeping with the goals of our Sustainability Strategy 2015-2017, Hannover Re further expanded its measures in the field of employee development and employee advancement. Thanks to our new learning management system, our staff are also able to view and book many training opportunities online and they can access blended learning offerings through the system. Hannover Re safeguards the preservation of company-specific know-how among our managers through an established succession management process conducted every two years.

When it comes to preserving the well-being of our staff, we are continuing our commitment to health management with a focus on the prevention of disease.

For the first time in 2015 we evaluated the satisfaction of our staff in an international, Group-wide survey and we are delighted to see a very good overall level of satisfaction in the workforce. We are cultivating the positive working environment and the motivation of our employees through further measures geared to promoting a work-life balance. Our performance-based remuneration and extensive fringe benefits,

combined with opportunities for part-time employment and tele-working, are conducive to a low staff turnover rate compared to the industry average.

One of the cornerstones of our successful business activities, along with our employees' skills and commitment, is the considerable degree of diversity in the workforce – since this is vital to safeguarding our high global quality standard. By expanding our mentoring programme we help women at our company to reflect on their professional development so far and take active steps to shape their future career path. Our range of seminars serves to develop all the company's employees and is designed to encourage a positive attitude towards life-long learning, even among our more seasoned staff.

For Hannover Re it goes without saying that in all the countries where we operate it is imperative to respect and observe the respective laws and regulations as the legal foundation of our business activities. There are also recommendations and standards handed down by national and international organisations. Hannover Re endorses the requirements contained in these conventions and recommendations and expects its employees, suppliers and business partners worldwide to observe them in their actions.

The co-determination of our staff is enshrined in their right to have a say through the Group-wide and/or local Employee Council. In addition, the three employee representatives on the Supervisory Board of Hannover Re ensure the participation of our staff in this oversight body.

When it comes to the formulation of employee rights, it is the applicable laws in the various countries that are determinative for Hannover Re. Along with these national statutory regulations, we are guided by the standards of the International Labour Organization (ILO), especially in relation to the issues of eliminating child and forced labour. Further human rights issues such as equal treatment and discrimination or the right to protection of personal data are governed by the Code of Conduct and our information security and data privacy policies, which are applicable to all employees of the Hannover Re Group.

More information on the topic at



Website: Sustainability Strategy



Website: Code of Conduct



## Key figures

Hannover Re employed a Group-wide workforce of 2,568 in the year under review. The number of employees was thus 1.3% higher than in the previous year. This increase derived primarily from new staff taken on in Germany. The relocation of the registered office of International

Insurance Company of Hannover SE from the United Kingdom to Germany also contributed to the rise in the number of employees at the Hannover location (3.7%). In addition, our workforce in Asia continued to grow in 2015 by a further 10.1%.

Breakdown of the workforce by region, gender, employment type and employment contract in 2014 and 2015

	2015	2014
<b>Group-wide</b>		
Total workforce	2,568	2,534
Thereof men	1,313	1,303
Thereof women	1,255	1,231
Full-time positions	2,161	2,167
Thereof women	1,027	1,033
Thereof men	1,134	1,134
Part-time positions	316	301
Thereof women	286	269
Thereof men	30	32
Permanent positions	2,420	2,385
Thereof women	1,229	1,214
Thereof men	1,191	1,171
Temporary positions	148	149
Thereof women	84	89
Thereof men	64	60
<b>Hannover Home Office</b>		
Workforce	1,337	1,289
Thereof women	706	687
Thereof men	631	602
Trainees	18	20



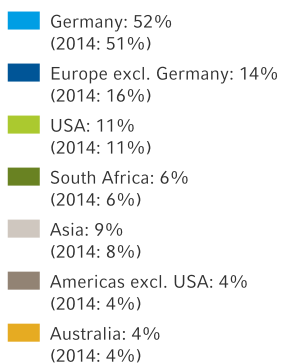
### Number of employees by region and gender in 2014 and 2015

Region	2015			2014		
	Number of employees	Thereof men	Thereof women	Number of employees	Thereof men	Thereof women
Germany	1,337	631	706	1,289	602	687
Europe excl. Germany	371	180	191	407	207	200
USA	283	149	134	285	146	139
South Africa	156	68	88	164	71	93
Asia	219	126	93	199	114	85
Americas excl. USA	99	52	47	90	46	44
Australia	103	49	54	100	45	55
<b>Total</b>	<b>2,568</b>	<b>1,255</b>	<b>1,313</b>	<b>2,534</b>	<b>1,231</b>	<b>1,303</b>

### Percentage breakdown of the workforce by region in 2014 and 2015



The steady growth of Hannover Re in recent years has necessitated a continuous enlargement of the workforce. This sustainable expansion is constantly adjusted to the company's strategic parameters and future economic prospects so as to enable long-term decisions to be made when it comes to approving positions and recruiting new staff. In the year under review, therefore, as in the previous year, there were no significant job losses.



## Employee development and employee advancement

The development and advancement of our personnel in terms of their professional and personal growth and their health is closely linked to Hannover Re's business success. In our Sustainability Strategy 2015-2017, which has been approved by the Executive Board, we therefore again set ourselves concrete goals and we are constantly working to accomplish them. In 2015, for example, we expanded the range of training opportunities and for the first time surveyed our employees on an international and Group-wide scale about their satisfaction.

The focus of our (further) training activities in the year under review was on our experienced personnel. With this in mind, we are pressing ahead with our specialist training programmes and individual supporting activities on a worldwide basis. Since 2015 we have simplified access to our range of further training options through a learning management system, which is available online to the employees of the Group. Members of staff can use the system to view and book seminars. Hannover Re is increasingly offering blended learning opportunities – a mixture of face-to-face events and online study – through the system.

In order to ensure the optimal personal advancement of our employees we offer them annual performance reviews with their direct supervisor. In addition, with a view to consistently improving the quality of our leadership, we conduct a management appraisal every two years and organise suitable advanced training measures.

The preservation and transfer of knowledge within the company is safeguarded by a standardised process for succession planning. Every two years we hold discussions with the two highest levels of management to identify potential successors for all positions and we define individual development measures.

In order to keep our staff healthy, we are maintaining our commitment to health management with a focus on the prevention of disease. Given that most of our staff work at a desk, good ergonomic working conditions, relief from eye and back strain and the ability to cope with stressful situations are particularly important.

More information on the topic at



Sustainability Strategy

## (Further) Training

Hannover Re offers its workforce a diverse programme of (further) training, both in-house and in cooperation with external suppliers. In our Sustainability Strategy 2015-2017 we have set ourselves the goal of expanding our further training activities for specialist and executive personnel. We shall achieve this aim by, among other things, extending the range of training offered to our seasoned employees.

### Training

For a number of years now we have participated in the Fair Company initiative, a campaign supported by the publications Handelsblatt and Wirtschaftswoche for the fair employment of interns. As a "fair company", Hannover Re undertakes to comply with various fundamental principles, including for example not filling full-time positions with interns, volunteers, student employees or long-term temporary workers.

As an avenue for obtaining vocational qualifications, Hannover Re offers 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.

Hannover Re assists all new members of staff with their career start through special basic seminars. These help the employees to navigate their new scope of duties.

### Further training

Our programme of further training, which is open to all Hannover Re employees, encompasses in particular offerings in the fields of information technology, reinsurance, social and methodological skills as well as language courses. These opportunities were again well re-

ceived in 2015. On average, each employee of the Hannover Re Group participated in 4.4 days of further training.

As far as the systematic expansion of our human resources development activities is concerned, we are currently putting a clear emphasis on further training for our professionally seasoned staff. The most recent local employee survey carried out in Hannover had highlighted a concrete need in this regard, to which we are responding with the newly designed seminars "Primary insurance know-how for reinsurers" and "Mastering complexity: Making sound decisions in complex situations". The courses launched in 2014 were successfully continued in 2015; based on the positive feedback, they have undergone targeted enhancements and been included in the seminar programme on a permanent basis. These systematic learning stimuli equip our experts even better to keep pace with changing (market) requirements and to continue to act with assurance in the face of growing complexity. By way of these opportunities we also foster what we consider to be an important propensity towards life-long learning.

In the year under review we successfully launched our new learning management system HannoverReAcademy. This makes it possible to view and book all in-house training offerings from the areas of human resources and IT. HannoverReAcademy also serves as the platform for delivery of our e-learning programmes. For some years now we have successfully provided these in a so-called blended learning format, i.e. a combination of online study and face-to-face events, which is used inter alia for the international basic training of our new staff members. Administrative processes have also been simplified by the roll-out of HannoverReAcademy. For example, the system automatically books a package of suitable entry-level seminars for every new member of staff. This can be done on a worldwide basis because our international entities also have access to the HannoverReAcademy. We are thereby able to assure the consistently high standard of training received by our workforce.

## Employee advancement

All members of staff of Hannover Re 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 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 discussion is optional for the member of staff, although Hannover Re recommends an annual cycle of performance reviews. The implementation Rate for performance reviews at the Hannover location was 94% in 2015.

With a view to maintaining and improving Hannover Re's good culture of Leadership and communication, arrangements have been made to give all executives feedback on their performance as managers. This so-called management feedback enables employees to give their su-

pervisor feedback on his or her leadership behaviour as they experience it every two years in a semi-anonymous process (anonymous questionnaire and subsequent discussion within the team). In addition, managers are in turn evaluated by their direct supervisor in relation to their leadership performance. Appropriate supportive measures are agreed with the manager following completion of the management feedback process. The implementation rate for management feedback with respect to the participation of eligible managers at the Hannover location stood at 100% in 2014.

Management feedback was put on hold in 2015 owing to the overlap with issues relating to the international employee survey. Hannover Re offers all (new) managers not only the opportunity to attend a range of leadership seminars but also individual coaching support.

## Succession planning

Succession planning is an important topic for Hannover Re with a view to the preservation and transfer of knowledge.

In a standardised process that we conduct every other year at the Hannover location, all positions from Management Level 3 (General Manager/Director) upwards are analysed for the company's Home Office and for selected international entities. This analysis process is supported by the Human Resources Management department in Hannover.

In the context of talks with all Managing Directors in Hannover we first identify potential successors for every position on the General Manager level. Furthermore, each possible successor is evaluated in terms of their abilities and potentials and any required (development) measures are discussed. The evaluation is based on the following criteria: specialist expertise, methodological skills, leadership ability and an assessment of the potential for the envisaged management level. Furthermore, we also discuss other high potentials and mission-critical individuals and positions.

The summary findings on possible successors for the General Manager positions are subsequently discussed and expanded upon on the level of the Board members responsible for the areas in question. In the same way and on the basis of the same criteria, the Board members with area responsibility also identify possible successors for the Managing Director positions.

The results of the succession planning, including additional comments by Human Resources Management, are then discussed by the full Executive Board at its annual retreat.

The quota of women set by the Executive Board for the first and second level of management at 16.8 % by the year 2017 was already very nearly accomplished in 2015 at 15.1%. Managers play a pivotal role in any possible increase in this quota. It is incumbent upon them to encourage leveraging of their female employees' potential more systematically in day-to-day business and to give deliberate consideration to their female staff members when it comes to filling higher-level positions.

## Health and wellness

The health of our staff is an essential prerequisite for the sustainable development of Hannover Re's business and for safeguarding our high quality standard. Bearing in mind that most work is done at a desk, good ergonomic working conditions, relief from eye and back strain and stress management are vital to Hannover Re's employees. To this end, we have put in place a range of measures as part of our company health management programme. The focus is therefore on the prevention of disease, e.g. through medical check-ups by the company physician, workplace inspections, advice and treatment relating to matters of general medicine as well as vaccinations and vaccination advice. We coordinate our health management activities through our company physicians and in the form of extensive wellness programmes and sports opportunities.

In our Sustainability Strategy adopted by the Executive Board in 2015, we also set ourselves the goal of preserving and as necessary restoring the performance capability of our employees. This is something that we intend to accomplish through, among other things, the continuation and enhancement of our existing wellness programmes and preventive medical check-ups. In 2015 corresponding working groups began their work, defined measures and prepared them for realisation in 2016. In August 2016, for example, the first Wellness Day was held at the Hannover location.

We offer our staff at Home Office in Hannover a broad range of fitness opportunities, for example through company sports groups dedicated to various types of sport as well as through cooperation arrangements with fitness studios. Courses in back training are offered on a regular basis. When it comes to individual workstations, Hannover Re is responsible for providing the most ergonomic possible room layout, desks and chairs. Not only that, Hannover Re can organise a mobile massage service upon request and provides appropriate facilities at the Home Office location. Where required, Hannover Re pays the costs of special computer glasses.

A heavy workload can cause stress and then potentially lead to other medical issues. For several years now we have therefore offered seminars for staff and managers designed to help identify stress triggers, develop coping strategies and recommend tried and tested stress management methods. Offered under the name "Gesund.Stabil.Leben" ("Healthy.Stable.Living"), the emphasis is on prevention and a holistic understanding of well-being, thereby ensuring that challenges do not give rise to undue stress.

In the year under review Hannover Re updated the further training available in relation to health and the preservation of performance capability and the support provided to our staff in the late phase of their working life. For this purpose we launched a seminar that imparts know-how to our employees on the correlations between the workplace and wellness and promotes awareness of resilience factors. The participants learn about their own individual resources that support them in a healthy lifestyle and in the preservation of their long-term ability to perform.

As part of our Sustainability Strategy we decided to set up a counselling service to assist with personal or professional crises. Going forward, this "Employee Assistance Programme" is intended to help staff at Hannover Home Office deal with particularly challenging situations in life. In 2015 various potential providers were invited to present their concepts for review. The programme was rolled out in mid-2016.

The risk of physical impairment to our employees, i.e. of occupational injuries or fatalities, is comparatively slight owing to our business operations as a financial services provider. Employees of Hannover Re in Germany reported altogether 24 accidents while at work or commuting in 2015. The total number of employee days lost was 12,452. The rate of absenteeism due to illness was slightly higher in Germany in 2015 than in the previous year at 3.8% (previous year: 3.6%). No work-related fatalities were recorded among the workforce at any Group company.

## Employee retention

The retention of our staff, i.e. ensuring that dedicated and motivated knowledge carriers stay with the company, is a crucial factor in Hannover Re's success. Hannover Re again took numerous steps in the year under review in order to preserve our relatively low staff turnover rate by industry standards.

Through individual part-time models and opportunities for tele-working we help our staff combine family and career. At the Hannover location we have set up a daycare facility for infants up to the age of 3.

With a view to assessing the satisfaction of its worldwide workforce, Hannover Re carried out a Group-wide employee survey for the first

time in the year under review. In so doing, we achieved one of the goals of our Sustainability Strategy 2015-2017. What is more, we are gratified by the favourable outcome reflected in the high level of overall satisfaction reported by our staff.

With a view to assessing the satisfaction of its worldwide workforce, Hannover Re carried out a Group-wide employee survey for the first time in the year under review. In so doing, we achieved one of the goals of our Sustainability Strategy 2015-2017. What is more, we are gratified by the favourable outcome reflected in the high level of overall satisfaction reported by our staff.

More information on the topic at



Sustainability Strategy

## Work-life Balance

Hannover Re would like to enable its employees to strike a balance between their professional challenges and private life and has enshrined therefore the promotion of a healthy work-life balance in its Sustainability Strategy 2015-2017.

The company offers part-time and teleworking models that can be individually structured and flexible working-time arrangements without core hours. In addition, Hannover Re's Human Resources Management division advises employees who are interested in the opportunities for greater employment flexibility. This flexibility at the workplace can make it easier to organise everyday life in phases such as starting a family or preparing for the end of one's professional career, e.g. through partial retirement arrangements. At the Hannover location there are 267 different, highly customised part-time models. In addition, 377 employees have a teleworking position. A variety of part-time working models are also offered at our locations abroad, and teleworking opportunities are available.

Hannover Re attaches special importance to a family-friendly approach. Among other measures, we operate our own company daycare centre at the Home Office location, offering altogether 30 places for all-day care of infants (up to the age of three). As part of our Sustainability Strategy 2015-2017 we are reviewing the need to expand the range of care made available to employees' children at the kindergarten. No additional kindergarten places were required in 2015

With a view to helping employees on parental leave facilitating their re-entry, Hannover Re welcomes efforts by departments to actively maintain contacts with their staff members, e.g. by inviting them to important in-house meetings. On a Group-wide basis, 168 employees of Hannover Re were on parental leave in the year under review, thereof 44 men and 124 women. 37 employees returned to work from their parental leave in 2015, thereof 14 men and 23 women. 32 employees who returned from parental leave in 2014 were still with Hannover Re twelve months later (14 men, 18 women).

## Employee satisfaction

For Hannover Re, the most important part of being an attractive employer is the satisfaction of its employees. We take regular feedback from our staff very seriously and we use their evaluations and concrete suggestions as a basis for continuous improvement.

For many years now we have obtained a reliable picture of our employees' satisfaction through the survey of our workforce carried out at the Hannover location. In keeping with the goals of our Sustainability Strategy 2015-2017, we rolled out a survey of employee satisfaction internationally and Group-wide with the support of an external opinion research and management consulting firm. We achieved solid participation of 70% in this survey, which was carried out in the autumn of 2015.

A very high degree of overall satisfaction among our staff can be identified as a central finding. This is true both of the average evaluation across all questions and for virtually all individual questions. The considerable motivation and dedication expressed by our staff is espe-

cially gratifying. As far as potential scope for improvement is concerned, they identified a more broad-based system of remuneration and further optimisation of the support provided for their ongoing individual training. On the basis of these insights we shall evaluate the findings in detail in 2016 and initiate measures. The goals will be to leverage higher-order potential scope for improvement and to support the individual units as they explore the findings of relevance to them and identify specific measures.

The turnover ratio at Home Office in Hannover of 2.5% (1.5%) was higher than the level of the previous year, but still well below the average level expected for the industry as a whole (4.6%). The rate of persons leaving corresponds to the staff turnover ratio, since it refers to the number of employees at year-end (which already includes the new appointments). The trend can be understood through the comparison with the number of persons joining the company. The average length of service to the company at the Hannover location stood at 10.5 years in 2015.

### Staff turnover by region in 2014 and 2015

Region	2015				2014			
	Rate of persons joining		Rate of persons leaving		Rate of persons joining		Rate of persons leaving	
	Number	in %	Number	in %	Number	in %	Number	in %
Germany	94	7.0	33	2.5	108	8.4	27	2.1
Europe excl. Germany	50	12.8	59	15.1	60	15.3	77	19.6
USA	23	8.1	24	8.5	24	8.5	17	6.0
South Africa	20	12.2	24	14.6	22	13.4	14	8.5
Asia	25	15.4	18	11.1	37	22.8	20	12.3
Americas excl. USA	14	19.4	6	8.3	11	15.3	6	8.3
Australia	9	12.0	12	16.0	24	32.0	8	10.7

### Staff turnover by gender in 2014 and 2015

Gender	2015				2014			
	Rate of persons joining		Rate of persons leaving		Rate of persons joining		Rate of persons leaving	
	Number	in %	Number	in %	Number	in %	Number	in %
Men	121	9.6	85	6.8	130	10.6	72	5.8
Women	114	8.7	91	6.9	156	12.0	97	7.4



**Staff turnover by age group in 2014 and 2015**

Age group	2015				2014			
	Rate of persons joining		Rate of persons leaving		Rate of persons joining		Rate of persons leaving	
	Number	in %	Number	in %	Number	in %	Number	in %
Up to age 29	105	33.5	26	8.3	108	34.5	27	8.6
Ages 30 to 49	107	7.1	97	6.5	155	10.3	91	6.1
Age 50 and over	23	4.6	53	10.6	23	4.6	51	10.2

## Remuneration and fringe benefits

Hannover Re pays its employees according to their skills and qualifications, their specific tasks and their performance. At the same time, employees in Germany benefit from the security and advantages of the collective agreement for the private insurance industry. 93% of Hannover Re employees at the Hannover location are covered by the collective bargaining agreement. The remaining 7% can be attributed to some non-collective agreements with managers. Group-wide, 100% of employees in Brazil, Italy, France, Sweden and Spain are covered by collective bargaining agreements.

Our Code of Conduct, which is applicable worldwide, specifies that nobody may be disadvantaged on the basis of gender. Salary increases and promotions follow a clearly defined process. The individual promotion grades are subject to transparent criteria published in the company's in-house intranet, which are also purely skills-based.

Throughout the entire Hannover Re Group employees are selected without regard to their local origin. Rather, in order to fulfil the exacting quality standards of our complex reinsurance services, it is necessary to have a diverse range of experts from various disciplines and with a variety of cultural backgrounds working for Hannover Re. Individuals from altogether 39 nations work at the Hannover location, for example.

Hannover Re's expenditures for social security contributions and assistance amounted to altogether EUR 53.3 million in the year under review. Supplementary to individual and statutory retirement provision, every employee in Germany is entitled to inclusion in Hannover Re's employer-funded retirement provision models. The amount of the funding contributions is determined by the individual salary levels and calculated according to the pay scale groups under the collective agreement.

Employees can accumulate further employee-funded occupational retirement provision by way of deferred compensation. In this case Hannover Re pays the contributions from the employee's gross salary into the pension fund.

Furthermore, we offer our employees a number of additional voluntary benefits. All members of Hannover Re's staff are granted the same benefits in proportion to their working hours.

Performance appraisal targets are agreed for all managers in the context of our management system Performance Excellence 2.0. These are reflected not only in profit-oriented indicators but also in non-financial variables derived from the strategic parameters.

More information on the topic at

 Remuneration and performance review

## Fostering of diversity

The diversity of our workforce is one of the cornerstones of our commercial success. For it is the case that different attributes such as age, gender, religion or origin help us to reflect within our own company the diverse business environment in which Hannover Re operates. We have therefore made the continued cultivation of diversity a goal of our Sustainability Strategy 2015-2017. Hannover Re has been quick to tackle the challenges of an ageing workforce. In the context of our generation management, for example, we have put in place measures to promote cooperation between new and seasoned members of staff. We also offer our older members of staff courses designed to prepare them for retirement.

In the year under review we again systematically pursued our goals for fostering diversity and we successfully continued the mentoring programme for women. Over the medium term we are seeking in this way to increase the proportion of women in management positions.

In the year under review we again systematically pursued our goals for fostering diversity and we successfully continued the mentoring programme for women. Over the medium term we are seeking in this way to increase the proportion of women in management positions.

More information on the topic at

 (Further) Training

 Website: Career

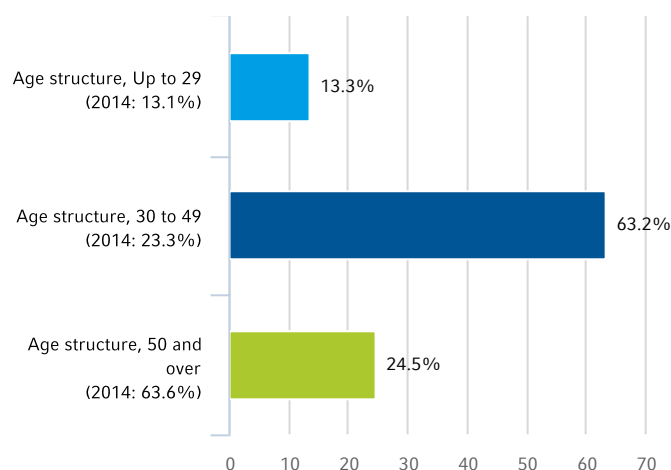
## Generation management

Hannover Re has been quick to respond to the challenges of shifting demographics. By offering a suitable range of seminars for our older members of staff, we support their performance capability with an eye to specialist, personal and health considerations. A new seminar entitled "Purposeful steps for easing into retirement", for example, helps older personnel to tackle their final years with the company actively and prepare for the pension phase some years prior to actually stopping work. We are also taking various steps to counter the change in the age structure of our workforce by improving cooperation between new recruits and long-standing employees. In the past, work in mixed groups has proven especially helpful and promising for the company.

The age structure of our Group's workforce in 2015 again reveals a balanced picture: 13.3% of our employees are under 30, 62.2% are aged between 30 and 50 and 24.5% are over 50. 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 3.5 percentage points in the period from 2011 to 2015.

**Age structure of the workforce in 2014 and 2015**



More information on the topic at

 (Further) Training

## Diversity management

Hannover Re benefits in large measure from the abilities and know-how of its employees, whether they be female or male, older or younger, and from the various nationalities within the Group's workforce. With this in mind, we enshrined the fostering of this diversity in our Sustainability Strategy 2015-2017.

Going forward, we intend to raise diversity awareness among our managers through training activities. In addition, we are aiming to increase the proportion of women in management positions and we are pressing ahead with the mentoring programme for women as part of our sustainability activities.

Our Code of Conduct, which is applicable worldwide, stipulates that nobody may be disadvantaged on account of their gender. The remuneration of our employees, for example, is based exclusively on their skills and qualifications and is therefore independent of gender, age or origin. As part of our compliance structures it is possible to report any instance of misconduct through a whistleblower system. However, no cases of discrimination arose at Hannover Re in either the year under review or prior years.

The proportion of women and men in Hannover Re's total workforce is balanced. Yet women are under-represented in the company's higher hierarchical level compared to men. With a view to changing this and fostering the potential of all employees, both female and male, the Executive Board decided in the 2012 financial year to press ahead with measures for the advancement of women. To this end, our existing

personnel development tools were supplemented by a mentoring programme designed especially for women. This programme involves bringing female employees together with experienced senior managers for a period of 12 months to engage in a targeted, regular dialogue. The mentees are encouraged to reflect on their professional development to date and to take steps to actively shape their future career. Yet for the managers too, who in some cases are members of the Executive Board, the role of mentor enables insights to be gained and leads to greater awareness of gender-related issues. The mentee-mentor tandems have been very successful so far, prompting Hannover Re to plan a further increase in the number of such tandems. As a further step, we intend to promote awareness among our managers of "Gender-specific communication" by means of a seminar offering on this topic.

## Diversity indicators

Hannover Re collects data Group-wide on the diversity of its workforce in relation to gender and age, and at Hannover Home Office additionally in relation to nationality. On ethical grounds and in part due to statutory regulations, we do not publish any data on other categories such as religious belief or disability.

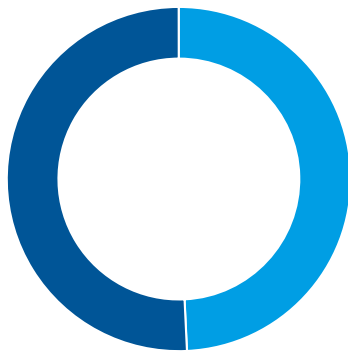
At Hannover Home Office alone, the 1,337 members of staff come from 39 different nations and thus reflect the international dimension of our business operations. Two different nationalities are represented on the seven-person Executive Board of Hannover Re.

### Breakdown of employees by country in 2014 and 2015

	2015	2014
Germany	1,337	1,298
USA	283	285
UK	156	200
South Africa	156	164
Australia	103	100
Sweden	92	89
Ireland	51	48
Other	390	359
<b>Total</b>	<b>2,568</b>	<b>2,534</b>

Of the 94 managers working in Germany, 15 are women, or 16.0%. Group-wide, the gender balance of the 2,568-strong workforce is balanced at 48.9% male and 51.1% female. For the German companies, we have targeted an overall ratio of 16.8% for women in the two lev-

els of senior management directly below the Executive Board by 30 June 2017. With the proportion of women standing at 15.1% in 2015, we are well on track to achieving this goal.

**Breakdown into male and female employees in 2014 and 2015**

Men: 49.6% (2014: 48,6 %)  
 Women: 51.1% (2014: 51,4 %)

In Hannover Re's personnel statistics a distinction is made between three hierarchical levels: Group Executive, Senior Management and other employees. Of the altogether 2,568 employees Group-wide, 160 (6.2%) belong to the category of Group Executive, 531 (20.7%) to the category of Senior Management and 1,877 (73.1%) 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 gender**

		2015		2014	
	Gender	Number	in %	Gender	in %
Group Executive	Men	136	5.3	136	5.4
	Women	24	0.9	23	0.9
Senior Management	Men	355	13.8	339	13.4
	Women	176	6.9	166	6.6
Other employees	Men	764	29.8	756	29.8
	Women	1,113	43.3	1,114	44.0

**Breakdown of employees by age group**

		2015		2014	
	Age group	Number	in %	Number	in %
Group Executive	Up to age 29	0	0.0	0	0.0
	Ages 30 to 49	77	3.0	87	3.4
	Aged 50 or over	83	3.2	72	2.8
Senior Management	Up to age 29	2	0.1	1	0.0
	Ages 30 to 49	352	13.7	338	13.3
	Aged 50 or over	177	6.9	166	6.6
Other employees	Up to age 29	339	13.2	330	13.0
	Ages 30 to 49	1,168	45.5	1,187	46.8
	Aged 50 or over	370	14.4	353	13.9

## Recruitment of junior staff

As an internationally growing company, Hannover Re attaches considerable importance to attracting junior staff. We therefore further stepped up our successful recruitment activities in the year under review.

In recent years we have already been successful in recruiting new employees who live up to our quality requirements 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. As a first step, we revamped the career pages of our website in cooperation with other units that are active in our company's external presence. We put special emphasis on intensifying the targeted cultivation of those applicant groups that are of primary relevance to our company with the aid of short informational films. The centrepiece here is a personnel marketing video that highlights particularly important considerations for our target candidate groups, namely the challenging content of the work, collegial cooperation and an international atmosphere. This image video is flanked by four testimonial films in which members of staff describe their tasks and the associated appeal from their own personal perspective.

More information on the topic at



Website: Career

## Co-Determination

The participation of employees in decision-making processes within the company is safeguarded by their right to have a say through the SE Employee Council, the joint German Employee Council of Hannover Re and E+S Rück and by the three employee representatives on the Supervisory Board elected by this joint Employee Council. The employee-employer relationship is governed by the Co-Determination Act, our Articles of Association and the Agreements with the Employee Council.

More information on the topic at



Management structure

A target group analysis carried out at the end of 2015 will also enable Hannover Re to better calibrate its personnel marketing measures. The analysis of targeted and recruited employees revealed that to date we have had a considerable need for university graduates in mathematics and economics disciplines; this is, however, accompanied by an increasingly large proportion of candidates with career experience. The marketing mix for the target group of graduates encompasses various measures designed to cement and enhance the profile and appeal of Hannover Re as an employer, inter alia by building and cultivating contacts with universities, attending job fairs, offering to arrange field trips, publishing activity reports in print journals and online, delivering training in how to apply for a position etc. These measures are constantly reviewed with an eye to their efficiency and adjusted as necessary. Marketing measures aimed at the group of "Young Professionals/Professionals" must be designed differently because this target group's media usage habits and its expectations of an employer are not the same as those of graduates. Planning and implementation with these considerations in mind forms an integral part of the overhaul of our employer profile for 2016/2017.

Employees of Hannover Re are informed Group-wide without delay of significant operational changes. The Supervisory Board must be apprised immediately of matters that can have a material influence on the position of Hannover Re. No precise notice period has been set for this purpose. In the context of their right to information, the Employee Council for Hannover Home Office and the SE Employee Council of Hannover Rück SE also duly receive all relevant information so as to be able to influence operational changes.

In 2015, no instances are known of business operations at Hannover Re that could impede the rights to freedom of association or collective bargaining.



# Environment and Society

---

Supporting contemporary art has traditionally been a cause for Hannover Re. In 1991, to mark the company's 25th anniversary, Hannover Re set up a foundation to benefit the Sprengel Museum in Hannover. The foundation's mission is to support art in Hannover through the acquisition of contemporary paintings and sculptures which are loaned to the Sprengel Museum. In 2014 the Hannover Re Foundation acquired the sculpture "Another Twister" by the American artist Alice Aycock, which was installed in front of the Sprengel Museum to mark the opening of the new museum extension in September 2015.





## Environment and Society

Reflecting our holistic approach to sustainability, we also take responsibility for issues relating to the environment and society that are less relevant to our company as an international reinsurer. On the basis of sustainability criteria, therefore, we integrated concrete measures for environmental conservation, social engagement and the selection of our suppliers into our Sustainability Strategy 2015-2017.

Hannover Re's environmental management system was successfully recertified in the year under review in accordance with the international standard DIN EN ISO 14001. We are planning to change over to environmental assessment according to the more extensive EMAS requirements – including an appropriate validation – for the current 2016 financial year.

In the year under review we continued to pursue steps to cut our energy consumption, which we were thus able to further reduce year-on-year. We achieved the goal defined in our Sustainability Strategy 2015-2017 of operating the Hannover location on a CO<sub>2</sub>-neutral basis by the end of 2015 to a level of 97%. The 3% still to be offset results mainly from the use of district heating and to a modest extent from paper consumption. This was made possible by, among other things, a

switch to renewable energy sources in 2012 and the offsetting of greenhouse gas emissions caused by air travel. We regularly monitor the use of resources – primarily water and paper – at the Hannover location and we are consistently cutting back on our consumption. We manage waste according to the types and quantities produced. We actively support the work of local and international initiatives on environmental protection.

When it comes to procurement, Hannover Re pays close attention to compliance with environmental and social standards on the part of its suppliers. We require all new and existing core suppliers to sign our Code of Conduct for Suppliers. Based on self-reporting, we also evaluate them according to sustainability criteria.

As an international reinsurer, Hannover Re is also aware of its responsibility to society. Thus, for example, we support universities as well as educational and research projects with a bearing on reinsurance business. For many years we have also lent our support to art, culture and music in Hannover. We encourage our employees to get involved in numerous projects around the world and we back international projects within the framework of our Donations Guideline.

More information on the topic at



Social Commitment



Website: EMAS



Website: Code of Conduct for suppliers



Website: Sustainability Strategy

## Operational environmental protection

The environmental impacts of Hannover Re's business operations are comparatively slight. We nevertheless take our responsibility for the environment very seriously and we define concrete environmental targets and measures in our Sustainability Strategy 2015-2017, which was approved by the Executive Board. With the implementation of our environmental management system, which was certified according to DIN EN ISO 14001 in 2012, we put in place standard processes for dealing with environmental protection and we specified concrete measures in our environmental programme. The recertification of our environmental management system passed off successfully in November 2015. Going forward, we intend to meet the requirement to conduct an energy audit by the yearly publication of an EMAS III accordant environmental statement.

The focus of our efforts to conserve the environment is on reducing CO<sub>2</sub> emissions associated with the supply of electricity and heating to our premises as well as those caused by our business travel. We

achieved our goal of operating on a CO<sub>2</sub>-neutral basis at our Hannover location by 2015 to a level of 97% in the year under review. The changeover to renewable energy as well as the offsetting of greenhouse gas emissions resulting from our air travel through the climate protection organisation atmosfair were key factors in this achievement. The 3% that has still to be offset derives primarily from the use of district heating and to a modest extent from paper consumption. Having already converted our power supply at the German location to renewables, we now want to extend this progressively to our international offices as well. In addition, we make every effort to ensure the economical and resource-saving use of materials and raw materials such as paper and water at our offices. We record central consumption and emissions data for our Home Office in Hannover.

Furthermore, Hannover Re dedicates itself to a number of environmental conservation projects, including for example the local initiative Climate Alliance Hannover and the Carbon Disclosure Project (CDP), the international transparency initiative on emissions data.

More information on the topic at



Legal framework



Website: EMAS



Website: Sustainability Strategy



Website: CDP

## Environmental management

We continuously review and reduce our impact on the environment through our environmental management system certified in accordance with DIN EN ISO 14001. Responsibility for the system rests with the full Executive Board of Hannover Re.

The targets and measures pursued in the context of our environmental management system form part of our sustainability strategy and are regularly updated. Under the current Sustainability Strategy 2015-2017 we plan to establish an international network for sustainability issues and we intend to expand the collection of environmental data to international locations of the Group. Reporting directly to the Executive Board, the Environmental Management Officer is responsible for continuous refinement of the environmental management system; he also coordinates and advises on compliance with all legal provisions in Germany relating to the environment and takes responsibility for implementation of the annual audits that are obligatory under the management system.

In November 2015 our environmental management system was recertified according to DIN EN ISO 14001:2009. Our environmental certificate is thus valid for another 3 years. In the course of the current financial year Hannover Re will convert its environmental management system to the revised standard DIN EN ISO 14001:2015. In addition, for the first time in 2016 we shall draw up an environmental statement as per the EMAS Directive and have it validated by an environmental expert. The mandatory energy audits required in Germany since April 2015 will be covered by the validated EMAS environmental statement. The previously existing requirements under DIN EN ISO 14001 will also continue to be surveyed in full as part of the EMAS validation. Furthermore, EMAS is notable for, among other things, a systematic

orientation towards continuous improvement of environmental performance, the use of consistent environmental indicators in relation to key environmental aspects as well as the verification of compliance with all legal requirements.

The standards set out in our environmental management manual and in the supplementary instructions are mandatory for all managers and staff. The relevant training documents on environmental conservation and the environmental management system form part of the basic training programme given to all employees by Hannover Re.

## Expenditures on environmental protection

Costs of around EUR 15,000 were incurred in the reporting period for the recertification audit of our environmental management system, i.e. the legal check and the internal audit. There are also internal personnel costs associated with ongoing implementation of the environmental management system and a Group policy providing coverage for environmental impairment liability and environmental damage.

The offsets paid to the climate protection organisation atmosfair for our calculated CO<sub>2</sub> emissions by our air travel amounted to altogether EUR 211,707 in the year under review and were therefore a major component of our spending on environmental protection. Train travel did not have to be offset because the railway operator has switched to green power and hence no CO<sub>2</sub> emissions are incurred.

Our total expenditures and investments for environmental protection measures can therefore be put at a good EUR 300,000 in 2015.

More information on the topic at



Legal framework



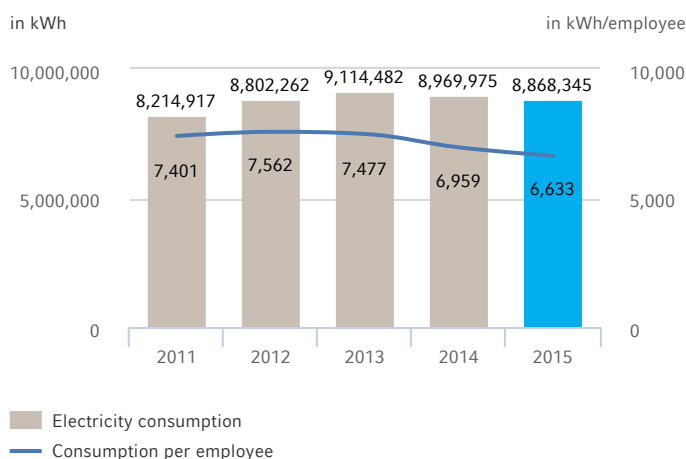
Website: EMAS

## Energy consumption

We collect the data on Hannover Re's energy consumption at the Hannover location broken down into electricity and district heating (both in kilowatt hours).

At the beginning of 2012 we switched our electricity supply to 100% renewables and have since used exclusively hydroelectric power from our external energy providers. Electricity consumption in the year under review stood at 8,868,345 kilowatt hours (this equates to roughly 31,926 gigajoules) and thus decreased again. The drop in electricity consumption is due to operation of a photovoltaic system at the Hannover location; all the power that is generated is fed directly into the in-house grid and therefore no longer needs to be purchased from external energy providers. The altogether 652 solar modules were installed in November 2013 on the roof of the office buildings in Hannover. In the 2015 financial year 122,740 kilowatt hours of solar energy were generated through operation of the system, roughly equivalent to the power consumption of 41 two-person households. This enabled us to avoid around 72 tonnes of CO<sub>2</sub> emissions.

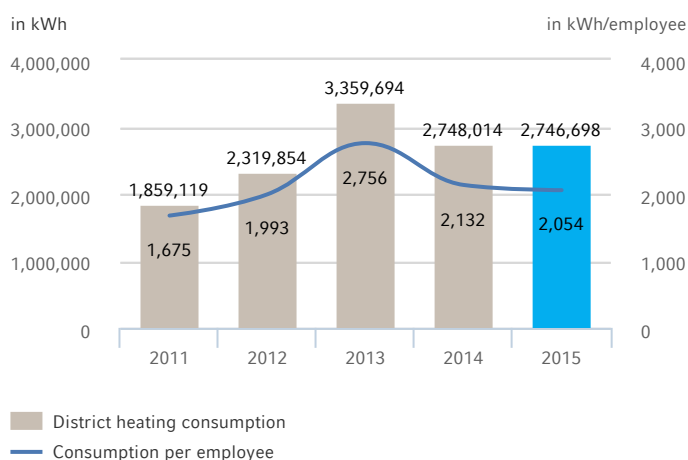
### Electricity consumption



Electricity consumption per employee was again lower than in the previous year. This reduction was achieved through an improved IT structure and more efficient devices. In November 2014 we replaced the existing department printers in Hannover with new state-of-the-art devices in the corridor areas. These new devices print more quickly, flexibly and reliably and also deliver lower paper consumption thanks to optimised print management. Printers used by individual offices and secretary's offices were reviewed and in some instances eliminated. The total number of printers at the Hannover location was thereby reduced in 2015 from 280 to 206.

Our district heating consumption decreased again in 2015 to 2,746,698 kilowatt hours (this equates to roughly 9,888 gigajoules). The underlying data in the following chart have not been adjusted to allow for weather conditions, i.e. the actual energy consumption figures are stated.

### District heating consumption



## Energy-saving measures

With a view to further cutting Hannover Re's energy consumption at its Hannover Home Office, we systematically pressed ahead with the already existing measures in the year under review and initiated some additional steps.

In recent years we have successively raised the temperature in our server rooms to 26 degrees. Conservative estimates indicate that in so doing we have reduced the electricity consumption needed to cool the server rooms by around 5%, or some 50,000 kilowatt hours, since 2012.

In 2015 we began making initial plans to relocate our backup computer centre, which we currently operate ourselves. Hannover Re now intends to hand over operation of the existing backup computer centre to a professional data centre operator. The PUE (power usage efficiency) ratio for such "shared" data centres is significantly lower than can be achieved in a self-operated facility. The PUE metric denotes the ratio of the total amount of energy used by a computer data centre to the energy delivered to computing equipment and it thus determines the efficiency of the data centre's energy usage. This increased efficiency will result in a further considerable energy saving. The relocation of the data centre is planned for 2016.

In addition, we intend to move forward with the expansion of an energy-saving, intelligent LED lighting control system. The progressive changeover to this LED technology had already commenced in 2013, and the initiative was continued in light of economic considerations. When plans are being made for new or changed processes and projects, including for example new construction activities, we ensure that LED technology is installed and that sufficient consideration is given to environmental aspects in conformity with our environmental management system.

The members of Hannover Re's workforce are also encouraged to make energy savings. All our employees at Hannover Home Office receive annual training in efficient energy consumption and environmental protection at the workplace. Participation is compulsory for all members of staff.

Hannover Re makes increasing use of state-of-the-art communication capabilities and continues to expand them in order to conserve resources in its business activities. Our standard workstations have been made more energy-efficient and hence more environmentally friendly. Notebooks, PCs and workstation printers with high energy consumption and CO<sub>2</sub> emissions were replaced with more modern energy-efficient devices. Following the roll-out of a new unified communication platform it is now possible to hold web conferences at all workstations so as to give further impetus to the reduction of business travel within

the Group. The IT project to restructure and optimise PC workstations ("Next Generation Workplace") has thus been completed.

In order to ensure that not only small but also larger meetings involving several participants per location can be held in the form of a web-based conference, web conference rooms have been set up; along with a camera and video technology, these are also equipped with remote white boards, thereby making it possible to share sketches and drawings made at the meeting across all locations. This tool better replicates the feeling of a face-to-face meeting with the aim of further reducing business travel.

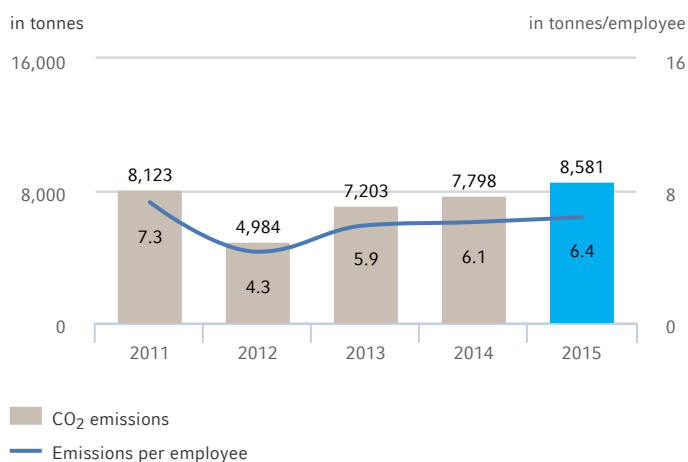
Our staff are encouraged to use public transport or cycle on their daily commute to work. In order to better combine their career and family life 28% of the workforce employed in Germany already makes use of the option of teleworking from home.

## Emissions

Hannover Re's CO<sub>2</sub> emissions in Hannover in the year under review amounted to 8,581 tonnes, an increase of 10.0% year-on-year. The measured emissions are indirect CO<sub>2</sub> emissions attributable to the purchase of energy or business trips. The calculation is based on the consumption figures for electricity, district heating and paper as well as our business travel.

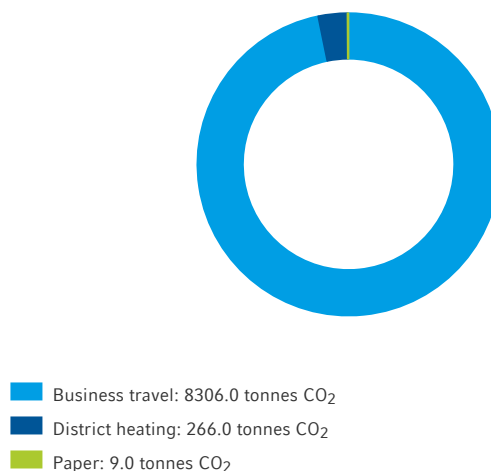
The rise in our CO<sub>2</sub> emissions in the year under review is due to the increased number of business trips associated in some instances with the cultivation of closer customer contacts. Such trips often cannot be replaced with videoconferences and are therefore subject to considerable fluctuations. Since 2012, however, videoconferences have largely replaced travel motivated by internal reasons, i.e. between different Hannover Re locations.

### CO<sub>2</sub> emissions



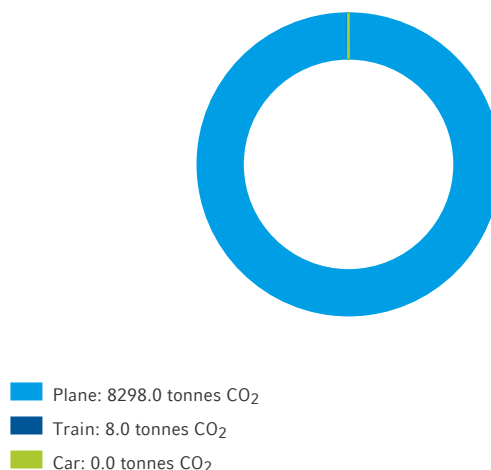
Business travel accounts for around 96.8% of our total emissions. Since 2007 we have therefore worked together with the climate protection organisation atmosfair to calculate, control and compensate them. The CO<sub>2</sub> emissions caused by business travel rose sharply in the year under review to 8,306 tonnes.

### CO<sub>2</sub> emissions in 2015 according to causation



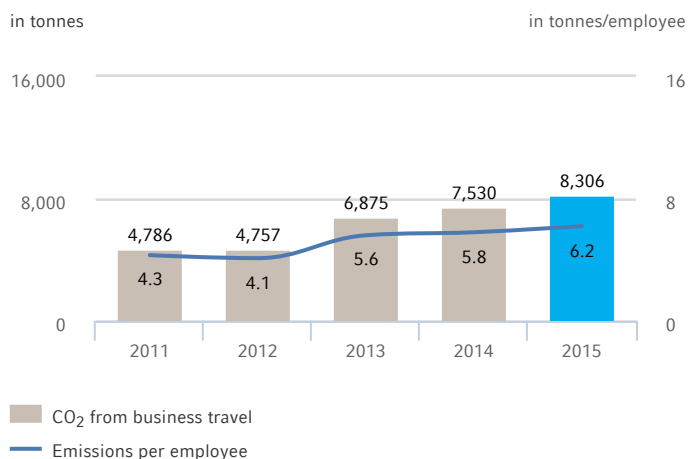
The greenhouse gas emissions resulting from business travel are caused almost entirely by air travel.

### CO<sub>2</sub> emissions from business travel by means of transport





## CO<sub>2</sub> emissions from business travel



## Measures to reduce CO<sub>2</sub> emissions

We achieved our goal of operating the Hannover location on a CO<sub>2</sub>-neutral basis by 2015 to a level of 97% in the 2015 financial year. Since 2012 we have obtained our electricity from renewable sources and we are planning the progressive roll-out of this measure worldwide. Furthermore, the photovoltaic facility installed on the roof of the Home Office building in Hannover in November 2013 enables us to

avoid some 130 tonnes of CO<sub>2</sub> emissions annually. Since 2008 we have offset the CO<sub>2</sub> pollution associated with our air travel by making voluntary compensatory payments to the climate protection organisation atmosfair.

Paper-intensive publications such as our Group Annual Report, quarterly reports and documents for the Annual General Meeting are printed on a carbon-neutral basis. Publications such as this GRI Report, for example, are made available to our stakeholders only in paperless form as an HTML version. We have committed ourselves to this approach in our internal Corporate Design Manual.

In addition, we reduce, where possible, our CO<sub>2</sub> emissions by replacing business travel with video conferences. In 2015 around 2,235 video conferences were held with two or more participating locations. The calculated savings in CO<sub>2</sub> emissions through video conferences are estimated. Assuming that, apart from the host, one person would have flown for each participating location, the 2,235 videoconferences correspond to around 24 million kilometres flown. Working on the basis that roughly a third of videoconferences were held as replacements for air travel, this produces a saving of approximately 7.5 million kilometres flown; using the calculation method of our external service provider, this is equivalent to a saving of some 2,900 tonnes of CO<sub>2</sub> emissions. Going forward, we remain committed to making greater use of videoconferences.

More information on the topic at

[Website: atmosfair](#)

[Website: Sustainability Strategy](#)

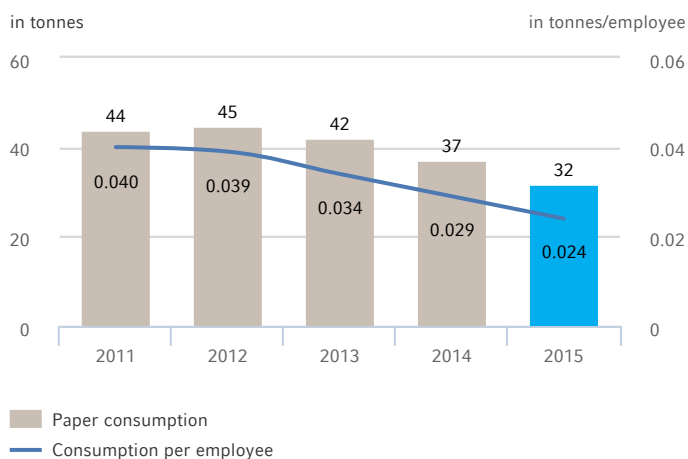
## Resource consumption

### Paper consumption

As a company operating in the reinsurance industry, Hannover Re does not make any appreciable use of physical materials. Only the paper consumption at our offices is relevant, and we therefore measure and manage this. It amounted to 6,600,810 sheets at the Hannover location in the year under review (equivalent to around 32 tonnes) and – with a drop of 12.6% – was thus significantly below the level of the previous year. Our newly implemented e-administration system "Ruschlikon by ACORD" also played a part here. Among other things, the system makes possible the paperless editing of official documents. In the first quarter of 2016 alone, for example, Hannover Re electronically processed 7,800 loss advices and altogether 35,000 attachments.

More revealing than the paper consumption in absolute terms is the relative paper consumption per employee. Since 2010 we have consistently reduced our per capita consumption. Whereas in 2010 the figure was 8,333 sheets per year and employee, this number had dropped to 4,937 sheets in the year under review (0.024 tonnes per employee). We have achieved this reduction inter alia by rolling out notebooks as part of our "Next Generation Workplace" programme. Instead of paper-intensive printouts members of staff now take their notebook to meetings. We avoid unintended print jobs by means of the "Print to me" solution implemented in the year under review. Print jobs are not executed immediately, but instead have to be actively initiated by the user at the device. If this is not done, the computer deletes print jobs automatically after 3 days. The continuous drop in paper consumption can also be attributed to ongoing expansion of our document management systems.

#### Paper consumption



Since 2012 we have used exclusively printer paper bearing the "Eu-roblume" European environmental seal. This quality seal is awarded to consumer goods which are manufactured with reduced emissions and low energy consumption and which stand out for their restrictive use

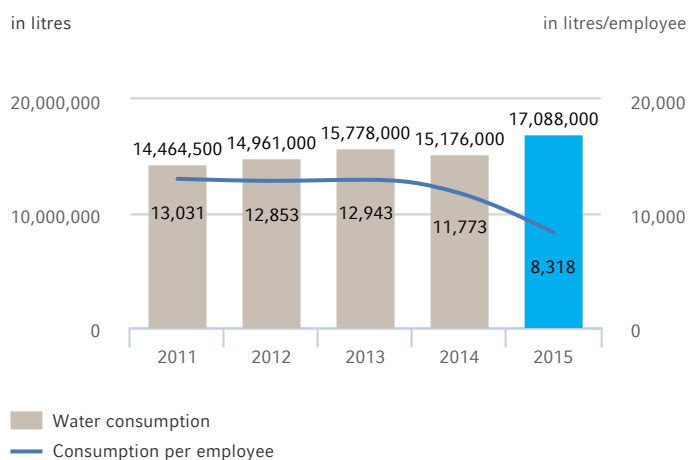
of chemicals and auxiliary materials. In the year under review we also tested the changeover over to lighter paper of a lower density. From that time on we have been using this paper, which has a lower wood content than the previously used paper and is therefore more environmentally friendly, in our printers.

Since 2011 we have used solely FSC-certified paper in the creation of printed products.

### Water consumption

Hannover Re's water is supplied exclusively by the regional water utility company. The total water consumption in the year under review amounted to 17,088,000 litres and was thus higher than in the previous year. The consumption per employee, on the other hand, fell by 3.6%. The decrease was driven by the use of more energy-efficient and economical dishwashers in the canteen as well as the removal of the old dishwashers in the tea kitchens and the associated centralisation of dishwashing functions. In addition, the modernisation of sanitary facilities has helped to reduce consumption.

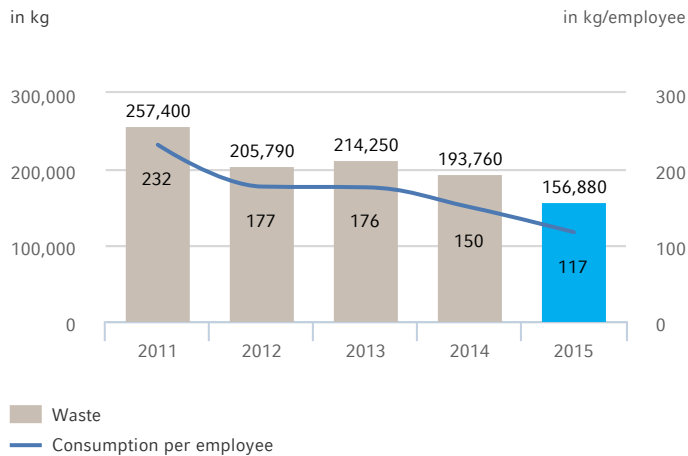
#### Water consumption



### Water discharge and waste

The total weight of waste decreased sharply by 19% in 2015 to 156,880 kilogrammes. The primary factor here was the substantially reduced volume of waste paper, cardboard, cartons and old files that had been destroyed. In addition, there is greater awareness surrounding the use of resources, thereby avoiding waste. Furthermore, a more professional approach has been taken to the separation of waste for recycling.

## Waste



Roughly half of our total waste in 2015 was recycled. All catering waste produced at Home Office in Hannover that requires disposal for hygienic or legal reasons is used to generate energy (sent to a biogas plant).

### Waste by method of disposal for years 2014 and 2015

in kg	2015	in %	2014	in %
Recycling	84,100	53.6	98,910	51.1
Composting	5,040	3.2	5,400	2.8
Energy recovery	17,330	11.0	16,500	8.5
Combination of material recycling, above-ground landfill and energy recovery <sup>1</sup>	49,360	31.5	67,440	34.8
Electronic waste	860	0.6	5,270	2.7
Hazardous waste (e.g. energy-saving light bulbs, paint, varnish)	190	0.1	240	0.1
<b>Total</b>	<b>156,880</b>	<b>100.0</b>	<b>193,760</b>	<b>100.0</b>

<sup>1</sup> Precise classification is not possible due to the method of waste collection

More information on the topic at



Engagement in initiatives

## Engagement in initiatives

As part of the "Climate Alliance Hannover" initiative we have undertaken by 2020 to emit 40% less harmful greenhouse gases than in 1990. Under the "Climate Alliance" Hannover Re additionally participates in the Business Strategy Group of the "Master Plan 2050 for the City and Region of Hannover, 100% for Climate Protection".

Since 2007 Hannover Re has also taken part in the "Ecological Project for Integrated Environmental Technology" (Ecoprofit) of the Greater Hannover region. The underlying idea of the project is the connection between economic gain and ecological benefit through preventive environmental protection. The participating companies are regularly involved in work on specific topics such as "Ecoprofit in the Urban Development Process" and "Current Changes in Energy Management". The energy-saving successes already achieved are regularly publicised in the relevant project publications.

In 2015, as in the previous years, Hannover Re participated in the survey conducted by the CDP (formerly "Carbon Disclosure Project"). Information related to climate change is published here with a special orientation towards the capital market. In 2015 we reached a score of 91 and a performance level of "C", thereby once again improving on. With this result we improved our result again compared to the previous year. In 2016 we shall again participate in the CDP survey.

Hannover Re is also a member of the "Ruschlikon e-administration in (Re)insurance" initiative of the Association for Cooperative Operation Research and Development (ACORD). ACORD is a global non-profit organisation working to improve data quality and information exchange standards for the (re)insurance industry and related financial services providers. Among other things, its system makes possible the paperless editing of official documents. In the first quarter of 2016 alone, for example, Hannover Re electronically processed 7,800 loss advices and altogether 35,000 attachments through this channel. It is envisaged that the interface will also be rolled out with other large brokers and business partners, which will ultimately mean that some 70% of loss advices and posting transactions will be processed purely electronically.

Our subsidiary E+S Rück has published detailed analyses of approaches to biodiversity damage in its "Schriftenreihe" series of publications (issue numbers 14 and 15). The studies show that even slight impairments of biodiversity can give rise to considerable environmental damage. Our goal is to inform about these risks and raise awareness of them. As we see it, it is the responsibility of society as a whole to identify biodiversity risks as quickly as possible, recognise them as such and eliminate them.

More information on the topic at



Website: CDP



Website: Klima-Allianz



Website: Ökoprofit



Website: "Schriftenreihe" series of publications E+S Rück

## Supplier management

Supplier management is of particular importance to Hannover Re. In addition to reducing our procurement costs, we ensure observance of our compliance principles and avoid associated ESG risks through comprehensive evaluation of our suppliers.

At the Hannover location three different areas are responsible for the procurement of a range of products and services: Facility Management (FM), Information Technology (IT) and a group made up of the various specialist units. Goods are purchased either directly from the manufacturer or through suppliers. In this context a Code of Conduct for Suppliers safeguards adherence to environmental and social standards. We carry out a corresponding evaluation of our suppliers at regular intervals.

By engaging in an active dialogue with our suppliers Hannover Re is able to build sustainable and robust relationships with its vendors. Furthermore, the ongoing professionalisation of our procurement assures our competitiveness. We are currently taking steps to give greater consideration to cost/benefit aspects, improvement of service quality and the standardisation of services and conditions. Not only that, through consolidation of the portfolio of IT service providers we are also able to reduce costs. Our systematic supplier management brings about efficient and transparent processes and serves to accelerate procurement.

More information on the topic at



Website: Code of Conduct for suppliers

# Code of conduct for suppliers and supplier evaluation

## Code of conduct for suppliers

Since mid-2012 our Code of Conduct for Suppliers has been in force for large areas of the company at the Hannover location. The Code of Conduct was developed by the areas of Facility Management (FM) and Information Technology (IT) with the support of Group Legal Services. It requires, among other things, compliance with environmental and social standards and forms an integral contractual component in, for example, the tendering and contracting by FM of infrastructure services as well as various construction projects.

Specifically, the Code of Conduct for Suppliers requires respect for human rights and compliance with the core labour standards of the International Labour Organisation (ILO). The evaluation and selection of new suppliers by the areas of Facility Management (FM) and Information Technology (IT) also ensures that the risk of child, forced and compulsory labour can be ruled out. The Code of Conduct for Suppliers further requires that the right of freedom of association, e.g. to join trade unions and the employee council, must be safeguarded.

## Supplier evaluation

Based on the criteria of the Code of Conduct for Suppliers, Hannover Re has also developed an application-supported process for self-reporting by suppliers and service providers. The procedure is used on a regular basis by Facility Management. In the context of an assessment

carried out in 2014 we wrote to all IT vendors and evaluated them using a checklist. This evaluation was stored in the supplier management system and will be factored into the selection of suppliers when placing future contracts; furthermore, these criteria are also used for the regular evaluation of suppliers. Contracts with critically assessed suppliers are not renewed; an early-warning system ensures that an adequate lead time is available to select and as necessary familiarise an alternative vendor.

The evaluation of IT suppliers at the Hannover location is carried out using the supplier management system "ServiceNow". This system makes it possible to assign all vendors to the category that reflects their rating: Strategic (A-Supplier), Bottleneck (B1-Supplier – high strategic importance but low volume), Leverage (B2-Supplier – high volume, low importance, easily replaceable), Noncritical (C-Supplier) or Blacklist (Suppliers are in violation of our requirements and will receive no further orders). Suppliers who are assessed critically in an ESG risk category are assigned to the blacklist. No further orders are placed with such suppliers. All non-IT core vendors are evaluated along similar lines in a separate supplier management tool.

The review of suppliers in the year under review produced a positive outcome. Specifically, Hannover Re did not identify any suppliers at which freedom of association or the right to collective bargaining is significantly jeopardised or a substantial risk of child labour or forced / compulsory labour exists.

More information on the topic at



Website: Code of Conduct for suppliers

## Social Commitment

As the third-largest reinsurer in the world, Hannover Re is aware of its responsibility to society. With our 50 years of experience on the reinsurance market, we consider our actions to be responsible and forward-thinking and we recognise our social obligation.

Responsibility for Hannover Re's social engagement rests with the full Executive Board, the members of which are jointly accountable for the implementation and refinement of strategic issues relating to sustainability.

Our investment in the community is regulated by our Group-wide Donations Guideline, which rules out donations to political parties and

churches or other political or religious organisations as well as organisations for the protection of historical monuments and animal welfare. Compliance with this guideline is verified by the Group Auditing function.

Our social engagement extends beyond our location in Germany to our international subsidiaries, with their specific projects catering to social concerns in their own country. Content-wise, our support is concentrated on the areas of research, learning, art and music as well as on assisting our employees with their voluntary contributions to society. We are particularly dedicated to the sustainable development of the City of Hannover, where our company's Home Office is located.

More information on the topic at

 Product responsibility

## Research

In the field of natural hazards modelling we cooperate with universities and research institutions and provide financial assistance to appropriate initiatives. For example, Hannover Re has been a long-time supporter of the Geo Research Center in Potsdam and the Global Earthquake Model Foundation (GEM), whose mission is to improve public understanding and awareness of earthquake risks worldwide by promoting science and establishing consistent standards as well as to reduce the impacts of earthquakes on populations and concentrations of values. Since 2006, with a view to also promoting the growth of academic disciplines relevant to the insurance sector, we have helped to fund a visiting professor position at the University of Göttingen with a concentration in Anglo-American contract and tort law. In this way we are seeking to encourage a more international approach to the study

of law. In addition, we support university research activities by sponsoring an endowed professorship in actuarial science and financial mathematics at the University of Hannover and we work with the Competence Centre for Insurance Science. We further support the work of thematically relevant Associations of Friends at various universities, including for example the Förderkreis des Instituts für Versicherungswesen at Cologne Technical University and the Verein Braunschweiger Finanz- und Wirtschaftsmathematiker e.V. at the University of Braunschweig. We are also a member of similar societies at the University of Hannover, the University of Ulm and the University of Oldenburg. Above and beyond our aforementioned involvement, we regularly offer field trips for students and systematically place various projects and topical issues with university departments.

More information on the topic at

 Social Commitment

 Website: Geo Research Center Potsdam

 Website: Global Earthquake Foundation GEM

 Website: Kompetenzzentrum Versicherungswissenschaften



## Support for art, culture and music

### Hannover Re Foundation

Supporting contemporary art has traditionally been a cause for Hannover Re. In 1991, to mark the company's 25th anniversary, Hannover Re set up a foundation to benefit the Sprengel Museum in Hannover. The foundation's mission is to support art in Hannover through the acquisition of contemporary paintings and sculptures which are loaned to the Sprengel Museum. It also funds publications and events to accompany the exhibitions. The foundation was originally equipped with capital of DM 1 million. The foundation's capital currently amounts to EUR 600,000.

Opened in 1979, the Sprengel Museum ranks among the most prominent museums of twentieth-century art with its extensive collection and diverse programme of exhibitions. Works of art acquired by the foundation and provided to the Sprengel Museum Hannover on permanent loan include pieces by, among others, Gerhard Richter, Donald Judd, Ronald B. Kitaj, Georg Baselitz, Sigmar Polke and Bernd Koberling. In 2014 the Hannover Re Foundation acquired the sculpture "Another Twister" by the American artist Alice Aycock, which was installed in front of the Sprengel Museum and handed over to the museum on permanent loan to mark the opening of the new museum extension in September 2015. The roughly 6-metre high white aluminium sculpture symbolises a tornado and is intended to send a clear message that with the new extension the winds of change are blowing through the museum. At the same time the work references the business model of Hannover Re.

### Hannover as a centre for art

As part of its engagement in art Hannover Re also sees itself in the role of a sponsor for locally based institutions, supporting not only the Sprengel Museum but also the Kunstverein Hannover, the Wilhelm Busch Museum in Hannover and the Kestnervesellschaft Hannover. Since its founding in 1916 the Kestnervesellschaft has sought to profile internationally important artists and their latest works. The spotlight here is just as much on fine arts, architecture, fashion and design as it is on current music and literature or philosophy and the humanities. In its role as a "Kestnerpartner" Hannover Re is able to promote the society's work on a continuous and lasting basis.

### Hannover Re's art collection

It was in the mid-1980s that the former Chief Executive Officer Claus Bingemer set about building the foundation of the company's own art

collection. Since that time the collection, which now numbers some 300 exhibits by 72 artists, has been continuously expanded. These days, decisions on acquisitions are taken by a Board of Trustees that has dedicated itself specifically to promoting contemporary art. We realise that such collections can give expression to the unmistakable identity of an undertaking and we see enormous potential in the field of tension between art and business. The works are divided into three major groupings: abstract art of the post-war modern era, figurative contemporary art and international art of the twentieth century. A special quality of the pieces in the collection is that they are not attached to one of the many diverse currents of modern and postmodern art, but rather – with exhibits by Werner Heldt, Hans Uhlmann, Ernst Wilhelm Nay, Georg Meistermann and HAP Grieshaber – they reference artistic positions that were ostracised during the Third Reich. A further exceptional point of emphasis is on works by artists of the former GDR, such as the Leipzig-based Bernhard Heisig and Wolfgang Matheuer and their pupils.

The exhibits that make up the collection are displayed in the company's Home Office premises in Hannover as well as in the surrounding garden areas and inner courtyards of the office complexes.

### Exhibition series "Masterclass Students"

The series of exhibitions dedicated to "Masterclass Students" has been held since 2014. It profiles the work of students at Braunschweig University of Art on an annual rotating basis. Current works by four young artists taking the masterclass course are displayed in the foyer of Hannover Re's Home Office building in Hannover. Along with the art collection, which is split into the three aforementioned work groups, contemporary art is just as much a focus for Hannover Re. In this context, the company's cultural engagement also extends to promoting young artists from the Lower Saxony region. The artistic positions selected from the graduating class are prominently displayed to staff and visitors alike in the foyer of the company's premises for intensive contemplation and exploration. The cooperation with Braunschweig University of Art thus not only serves to promote young artists but also fosters mutual dialogue.

Guided tours of the exhibition and artist talks are offered for the workforce. At the end of the latest exhibition pieces by all four artists were purchased for the company's own collection.

## Advancement of talented musicians

Every year since 1998 E+S Rück, Hannover Re's subsidiary with responsibility for the German market, has organised an examination concert for graduating soloists in cooperation with Hannover Univer-

sity of Music, Drama and Media. This support gives "master students" a particularly valuable opportunity to take their final examination with a large orchestra. At the same time the concerts enable E+S Rück to offer its clients a musical highlight as part of the "Hannover Forum" event.

More information on the topic at

-  [Social Commitment](#)
-  [Website: Sprengel Museum Hannover](#)
-  [Website: Kestnargesellschaft](#)
-  [Website: Kunstverein Hannover](#)
-  [Website: Wilhelm-Busch-Museum](#)
-  [Website: University of Art Braunschweig](#)

## Employee engagement and donations

By making regular donations and enabling corporate volunteering, i.e. releasing employees for charitable activities during working hours, Hannover Re supports social projects around the world. In so doing, we contribute our expertise in the area of reinsurance, whenever possible.

Hannover Re staff in Hannover support the "Christmas tree campaign" for St. Joseph Kinder- und Jugendhilfe, a charitable institution that assists children and adolescents in Hannover between the ages of two and twenty who no longer live with their parents. Hannover Re employees regularly help to realise their Christmas dreams in order to make the holiday season more special.

Our branch in South Africa assists students in the discipline of actuarial science and those taking a Bachelor of Commerce degree with a concentration in accounting. We also support needy pupils at a local high school.

At our subsidiary in Florida the workforce supports the "New Hope for Kids" campaign: children and their families who find themselves in difficult life situations are assisted with cash donations or through the personal efforts of employees.

With our Donations Guideline, which is applicable Group-wide, Hannover Re has defined its own policies for this social engagement. In our Sustainability Strategy we have set ourselves the goal of reviewing the guidelines and recording the social activities undertaken Group-wide. We attach crucial importance to the common public interest of the social groups and projects supported by our company. Consequently, Hannover Re did not make any contributions to political parties, politicians or related institutions in the reporting period or in previous years.

More information on the topic at

-  [Social Commitment](#)
-  [Website: St. Joseph Kinder- und Jugendhilfe](#)

# GRI Index



## About this report

### G4-18, G4-19, G4-20, G4-21

With its Sustainability Report on the 2015 financial year Hannover Rück SE is publishing information on social, environmental and governance topics within the Group for a fifth consecutive year. Our Sustainability Report was drawn up in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI) as well as the G4 Sector Disclosures for the Financial Services industry. The report has been compiled in conformity with the "Core" option, which contains the essential elements of a sustainability report. Furthermore, with a view to satisfying the information requirements of our stakeholders and the rating agencies as comprehensively as possible, we are providing additional information (Link GRI Content Index). The reporting period is from 1 January to 31 December 2015. Significant developments in 2016 have been included up until the editorial deadline in October 2016. Unless otherwise indicated, the particulars refer to the entire Hannover Re Group.

The report was submitted for the GRI Materiality Disclosure Service and GRI has confirmed the correctness of the location of the G4 Materiality Disclosures (G4-17–G4-27).

The present Sustainability Report reflects the issues and challenges of sustainable development that are material to our company. It takes into account the requirements of stakeholders who are of major significance to Hannover Re. The fundamental principles on which the report is based are materiality, the inclusion of stakeholders, the sustainability context and comprehensiveness. A materiality analysis was carried out in 2014 in order to identify the issues most relevant to the company.

The following overview differentiates between the material action fields and issues according to their internal and/or external relevance and indicates which GRI aspects are covered.

Action fields / Material issues	Differentiation	
	Relevance within the Group	Relevance outside the Group
<b>Governance and Dialogue</b>		
Responsible, value-based enterprise management	X	X
Compliance	X	X
Risk management	X	X
Stakeholder dialogue	X	X
<b>Product responsibility</b>		
Risk expertise	X	X
Sustainable insurance solutions	X	X
ESG criteria in asset management	X	X
Customer orientation and satisfaction	X	X
<b>Employees</b>		
Health management	X	
Executive development / Employee advancement	X	X
Employee retention	X	
Diversity	X	
Co-determination	X	
<b>Environment and Society</b>		
Operational environmental conservation	X	X
Supplier management		X
Social commitment		X

## Survey methods and calculation bases for the data

Unless otherwise stated, we report on Hannover Re's activities Group-wide.

The stated environmental indicators refer to the Hannover location (degree of coverage: 52,1 % of worldwide workforce). We use data collected internally from various departments as well as consumption data contained in the bills received from our electricity and district heating supplier.

For the purpose of calculating our CO<sub>2</sub> emissions from business travel we adopt the calculation methods of our offset provider "atmosfair" and of Deutsche Bahn AG. We establish the CO<sub>2</sub> savings from the use of videoconferences by utilising data from our service provider "Tata Communications" as well as Hannover Re's own internal calculations and estimates made on this basis.

In order to make the report more easily readable we have avoided gender-specific duplications and instead used the masculine form throughout.

# GRI Content Index

## "in accordance with Core"

### General Standard Disclosures



G4 Indicator	Description	Reference	Explanation
<b>Strategy and Analysis</b>			
G4-1	Foreword by the Chairman of the Executive Board	> Foreword	
G4-2	Description of key impacts, risks, and opportunities	> Risk management > AR 2015: Organisation and process of risk management	
<b>Organizational Profile</b>			
G4-3	Name of the organization	> AR 2015: Foundations of the Group	
G4-4	Primary brands, products, and services	> Organisational profile > Product portfolio > Website: Property & casualty reinsurance > Website: Life & health reinsurance	
G4-5	Location of the organization's headquarters	> Organisational profile	
G4-6	Countries where the organization operates	> Organisational profile	
G4-7	Nature of ownership and legal form	> Hannover Re at a glance > AR 2015: Shareholding structure	
G4-8	Markets served	> Organisational profile	The total number of services that we offer cannot be specified owing to the complex, specialised and in some cases individually tailored contractual arrangements.
G4-9	Scale of the organization	> Company portrait > Key figures > Organisational profile > Product portfolio > AR 2015: Financial position and net assets	
G4-10	Employee structure	> Employees key figures > Generation management > Diversity Management	
G4-11	Employees covered by collective bargaining agreements	> Remuneration and fringe benefits > Co-Determination	
G4-12	Description of supply chain	> Supplier management	

G4-13	Significant changes in the organization's size, structure, ownership	<ul style="list-style-type: none"> <li>Organisational profile</li> <li>AR 2015: 4.3 Major acquisitions and new formations</li> </ul>	
G4-14	Observance of precautionary approach or principle	<ul style="list-style-type: none"> <li>Risk management</li> <li>Organisation and process of risk management</li> </ul>	
G4-15	Participation in and support for externally developed charters, principles and initiatives	<ul style="list-style-type: none"> <li>Advocacy groups and memberships</li> </ul>	
G4-16	Significant memberships	<ul style="list-style-type: none"> <li>Advocacy groups and memberships</li> </ul>	

#### Identified material aspects and boundaries

G4-17	List of consolidated entities	<ul style="list-style-type: none"> <li>AR 2015: 4.2 Consolidated companies and complete list of shareholdings</li> </ul>	
G4-18	Process for defining the report content	<ul style="list-style-type: none"> <li>Materiality analysis</li> <li>About this report</li> </ul>	
G4-19	Material Aspects	<ul style="list-style-type: none"> <li>Materiality analysis</li> <li>About this report</li> </ul>	
G4-20	Material Aspects within the organization	<ul style="list-style-type: none"> <li>About this report</li> </ul>	
G4-21	Material Aspects outside the organization	<ul style="list-style-type: none"> <li>About this report</li> </ul>	
G4-22	Effects of any restatements of information		The presentation of information has not changed in comparison with the previous year.
G4-23	Changes in the Scope, Aspect Boundaries or measurement methods		Any significant changes in the Scope, Aspect Boundaries or measurement methods applied are noted at the appropriate point in the report.

#### Stakeholder engagement

G4-24	List of stakeholder groups	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> </ul>	
G4-25	Identification of stakeholder groups	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> </ul>	
G4-26	Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> </ul>	
G4-27	Recognition of key topics and concerns raised by stakeholder groups	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> </ul>	

#### Report profile

G4-28	Reporting period		The reporting period of Hannover Re's Sustainability Report 2015 is the 2015 financial year (1 January to 31 December 2015). Comparative values from prior years are available for selected key figures. The editorial deadline for Hannover Re's Sustainability Report 2015 was October 2016. Significant developments in 2016 have therefore already been taken into account and disclosed accordingly.
G4-29	Date of most recent previous report		Hannover Re's most recent Sustainability Report was published in October 2015. Further information on the topic of sustainability is published at shorter intervals on the company's website and regularly in its Group Annual Report.



G4-30	Reporting cycle		Annual
G4-31	Contact point for questions regarding the report or its contents		<p>Karl Steinle, General Manager Corporate Communications Tel. + 49 511 5604-1500 karl.steinle@hannover-re.com</p> <p>Julia Hartmann, Senior Investor Relations Manager Tel. + 49 511 5604-1529 julia.hartmann@hannover-re.com</p> <p>Melanie Raudzis-Bokelmann Investor Relations Manager Tel. +49 511 5604-1729 Melanie.raudzis@hannover-re.com</p>
G4-32	GRI Content Index		The Sustainability Report 2015 has been drawn up in accordance with the Core option.
G4-33	External Assurance for the report		External Assurance for the report
<b>Governance</b>			
G4-34	Governance structure	> Governance structure	We do not make any breakdown according to age group or belonging to a minority.
G4-35	Process for delegating authority for economic, environmental and social topics	> Value-based management	
G4-36	Responsibility for economic, environmental and social topics	> Responsible enterprise management	
G4-38	Composition of the highest governance body and its committees	> Management structure > Website: Supervisory Board > Website: Executive Board	<p>We do not report on membership of under-represented social groups.</p> <p>We do not record competences relating to economic, environmental and social issues.</p>
G4-39	Independence of the Chair of the highest governance body	> Management structure > AR 2015: Declaration on Corporate Governance	
G4-40	Nomination and selection processes for the highest governance body	> Management structure > AR 2015: Declaration on Corporate Governance	Experience in relation to environmental and social issues is not included in the selection process for the Executive Board or Supervisory Board.
G4-41	Processes for avoidance of conflicts of interest	> Management structure > AR 2015: Declaration on Corporate Governance	
G4-42	Role of highest governance body with regard to strategy and goals	> Sustainability Strategy	
G4-43	Measures to develop and enhance the highest governance body's knowledge of sustainability	> Management structure	
G4-44	Evaluation of the highest governance body's performance with regard to sustainability	> Remuneration and performance review > AR 2015: Remuneration report	

G4-45	Role of the highest governance body with regard to sustainability risks and opportunities	<ul style="list-style-type: none"> <li>› Organisation and process of risk management</li> </ul>	
G4-46	Role of the highest governance body in reviewing the effectiveness of risk management	<ul style="list-style-type: none"> <li>› Organisation and process of risk management</li> <li>› AR 2015: Opportunity and risk report</li> </ul>	
G4-47	Frequency of the highest governance body's review of sustainability risks and opportunities	<ul style="list-style-type: none"> <li>› Organisation and process of risk management</li> <li>› AR 2015: Opportunity and risk report</li> </ul>	
G4-48	Responsibility for the sustainability report	<ul style="list-style-type: none"> <li>› Foreword</li> </ul>	
G4-49	Process for communicating critical concerns to the highest governance body	<ul style="list-style-type: none"> <li>› Management structure</li> </ul>	
G4-50	Critical concerns communicated to the Executive Board / Supervisory Board	<ul style="list-style-type: none"> <li>› Management structure</li> </ul>	
G4-51	Remuneration policies for the highest governance body and senior executives	<ul style="list-style-type: none"> <li>› Remuneration and performance review</li> <li>› AR 2015: Remuneration report</li> </ul>	Environmental and social objectives are not currently included in the performance criteria of the remuneration policy, but could be agreed in individual objectives.
G4-52	Process for determining remuneration	<ul style="list-style-type: none"> <li>› Remuneration and performance review</li> <li>› AR 2015: Remuneration report</li> </ul>	
G4-53	Expression of views by stakeholders on the aforementioned remuneration	<ul style="list-style-type: none"> <li>› Remuneration and performance review</li> </ul>	
<b>Ethics and integrity</b>			
G4-56	Values, principles and codes of conduct	<ul style="list-style-type: none"> <li>› Strategy and Management</li> <li>› Governance and dialogue</li> <li>› Compliance</li> <li>› Supplier management</li> </ul>	
G4-57	Grievance mechanisms, questions	<ul style="list-style-type: none"> <li>› Compliance structure and report</li> </ul>	
G4-58	Grievance mechanisms	<ul style="list-style-type: none"> <li>› Compliance structure and report</li> </ul>	

## Specific Standard Disclosures

G4 Indicator	Description	Reference	Explanation
<b>Category: Economic</b>			
G4-DMA	Management approach	<ul style="list-style-type: none"> <li>&gt; Sustainability management</li> <li>&gt; Hannover Re at a glance</li> <li>&gt; Risk management</li> <li>&gt; Sustainable insurance solutions</li> <li>&gt; AR 2015: Strategy</li> </ul>	
<b>Economic Performance</b>			
G4-EC1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>&gt; Hannover Re at a glance</li> <li>&gt; AR 2015: Report on economic position</li> </ul>	We do not record any indicators on the financial value generated by our investments in local communities.
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<ul style="list-style-type: none"> <li>&gt; Risk management</li> </ul>	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	<ul style="list-style-type: none"> <li>&gt; Remuneration and fringe benefits</li> <li>&gt; AR 2015: 8.4 Staff and expenditures on personnel</li> </ul>	
G4-EC4	Financial assistance received from		Hannover Re did not receive any subsidies or other forms of support from the government in the year under review.
<b>Market Presence</b>			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant business locations	<ul style="list-style-type: none"> <li>&gt; Remuneration and fringe benefits</li> </ul>	In order to satisfy the exacting quality standards of our complex services, Hannover Re deploys highly qualified personnel worldwide. The level of salaries reflects this high skills level. There is consequently no risk of undershooting a local minimum wage.
G4-EC6	Proportion of senior management hired locally at significant business locations	<ul style="list-style-type: none"> <li>&gt; Remuneration and fringe benefits</li> </ul>	
<b>Indirect Economic Impacts</b>			
G4-EC7	Development and impact of infrastructure investments and service supported	<ul style="list-style-type: none"> <li>&gt; Sustainable insurance solutions</li> </ul>	
G4-EC8	Nature and extent of significant indirect economic impacts		The indirect economic impacts of our business operations cannot be quantified owing to their potentially endless reach.
<b>Category: Environmental</b>			
G4-DMA	Management approach	<ul style="list-style-type: none"> <li>&gt; Sustainability management</li> <li>&gt; Environmental management</li> <li>&gt; Supplier management</li> <li>&gt; Compliance structure and report</li> </ul>	

<b>Materials</b>			
G4-EN1	Materials used by weight or volume	› Resource consumption	
<b>Energy</b>			
G4-EN3	Energy consumption within the organization	› Energy consumption	Presentation in joules is not considered to be expedient for internal management purposes.
G4-EN5	Energy intensity	› Energy consumption	Presentation in joules is not considered to be expedient for internal management purposes.
G4-EN6	Reduction of energy consumption	› Energy consumption	
G4-EN7	Reduction in energy requirements of products and services	› Sustainable insurance solutions	
<b>Water</b>			
G4-EN8	Total water withdrawal by source	› Resource consumption	Consumption and emissions data
G4-EN10	Percentage and total volume of water recycled and reused		As a non-manufacturing company, Hannover Re has not taken steps to recycle and reuse water.
<b>Biodiversity</b>			
G4-EN11	Operational sites in, or adjacent to, protected areas		The land used by Hannover Re is not located in or adjacent to protected areas. As a company operating in the insurance industry that uses its premises solely for office work, our offices are normally located in cities or municipalities.
G4-EN13	Habitats protected or restored		The land used by Hannover Re is not located in or adjacent to protected areas. As a company operating in the insurance industry that uses its premises solely for office work, our offices are normally located in cities or municipalities.
<b>Emissions</b>			
G4-EN15	Direct Greenhouse gas (GHG) emissions (Scope 1)	› Emissions	
G4-EN16	Energy indirect Greenhouse gas (GHG) emissions (Scope 2)	› Emissions	
G4-EN17	Other indirect Greenhouse gas (GHG) emissions (Scope 3)	› Emissions	
G4-EN18	Greenhouse gas (GHG) emissions intensity	› Emissions	
G4-EN19	Reduction of Greenhouse gas (GHG) emissions	› Emissions	
<b>Effluents and Waste</b>			
G4-EN22	Total water discharge by quality and destination	› Resource consumption	As a non-manufacturing provider of insurance services, the issue of water discharge is of minor relevance to Hannover Re. The volume of water discharged in the reporting period corresponds to the volume of water consumption (cf. Indicator EN8) and thus totalled 17,088,000 litres. Our water is discharged into the municipal sewage network. Environmentally critical effluents are not discharged in connection with Hannover Re's business operations.
G4-EN23	Total weight of waste by type and disposal method	› Resource consumption	

**Products and Services**

G4-EN27	Initiatives to mitigate environmental impacts	<ul style="list-style-type: none"> <li>&gt; Sustainable insurance solutions</li> </ul>	
G4-EN28	Reclamation of packaging materials	<ul style="list-style-type: none"> <li>&gt; Product responsibility</li> <li>&gt; Resource consumption</li> </ul>	As a provider of reinsurance products this Indicator is not applicable to our company. Hannover Re nevertheless strives for a high level of recycling and low consumption of materials.
<b>Compliance</b>			
G4-EN29	Monetary value of significant fines and total number on non-monetary sanctions for non-compliance with environmental laws and regulations		Hannover Re was not required to pay any significant fines in the reporting period or in previous years due to non-compliance with environmental laws or regulations. Nor were any non-monetary sanctions imposed on Hannover Re.
<b>Transport</b>			
G4-EN30	Environmental impacts of transporting products and materials	<ul style="list-style-type: none"> <li>&gt; Emissions</li> </ul>	Our reinsurance services do not cause any significant environmental impacts through transporting. We make systematic efforts to reduce business trips by our employees, especially air travel, and pay offsets for all remaining emissions.
<b>Overall</b>			
G4-EN31	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<ul style="list-style-type: none"> <li>&gt; Environmental management</li> </ul>	
<b>Supplier Environmental Assessment</b>			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> <li>&gt; Supplier management</li> </ul>	
<b>Environmental Grievance Mechanisms</b>			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<ul style="list-style-type: none"> <li>&gt; Compliance structure and report</li> </ul>	

**Category: Social****Sub-category: Labor practices and decent work**

G4-DMA	Management approach	<ul style="list-style-type: none"> <li>&gt; Sustainability management</li> <li>&gt; Employees</li> <li>&gt; Employee development and employee advancement</li> <li>&gt; Employee retention</li> <li>&gt; Co-Determination</li> <li>&gt; Supplier management</li> <li>&gt; Compliance structure and report</li> </ul>	
--------	---------------------	--	--

**Employment**

G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	> Employee satisfaction	
G4-LA2	Benefits provided to Full-time employees that are not provided to temporary or parttime employees, by significant business locations	> Remuneration and fringe benefits	
G4-LA3	Return to work and retention rates after parental leave, by gender	> Work-life-Balance	

**Labor/Management Relations**

G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	> Co-Determination	
--------	--	--------------------	--

**Occupational Health and Safety**

G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		All employees in Germany are fully represented by the Health and Safety Committee. It goes without saying that we meet all legal requirements under the Occupational Safety Act.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	> Health and Wellness	We do not collect data on occupational diseases or gender-specific figures on absenteeism and accidents.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	> Health and Wellness	
G4-LA8	Health and safety topics covered in formal agreements with trade unions		Our business operations, i.e. the provision of reinsurance services, do not give rise to any health and safety risks that are covered in formal agreements with trade unions.

**Training and Education**

G4-LA9	Average hours of training per year per employee by gender and by employee category	> (Further) training	We do not record training days by employee category or gender.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	> (Further) training > Employee development > Generation management	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	> Employee development	

**Diversity and Equal Opportunity**

G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<ul style="list-style-type: none"> <li>➤ Management structure</li> <li>➤ Diversity management</li> </ul>
---------	--	--

**Equal Remuneration for Women and Men**

G4-LA13	Ratio of basic salary and remuneration of women to men by employee category and by significant business locations	<ul style="list-style-type: none"> <li>➤ Remuneration and fringe benefits</li> <li>➤ Diversity Management</li> </ul>
---------	---	--

**Supplier Assessment for Labor Practices**

G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<ul style="list-style-type: none"> <li>➤ Supplier management</li> </ul>
---------	---	---

**Labor Practices Grievance Mechanisms**

G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	<ul style="list-style-type: none"> <li>➤ Compliance structure and report</li> </ul>
---------	---	---

**Sub-category: Human rights**

G4-DMA	Management approach	<ul style="list-style-type: none"> <li>➤ Governance and dialogue</li> <li>➤ Compliance structure and report</li> <li>➤ Supplier management</li> <li>➤ Employees</li> </ul>
--------	---------------------	--

**Investment**

G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<ul style="list-style-type: none"> <li>➤ Compliance structure and report</li> </ul>
--------	---	---

**Non-discrimination**

G4-HR3	Total number of incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> <li>➤ Diversity Management</li> </ul>
--------	--	--

**Freedom of Association and Collective Bargaining**

G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<ul style="list-style-type: none"> <li>➤ Supplier management</li> <li>➤ Co-Determination</li> </ul>
--------	--	---



**Child Labor**

G4-HR5	Principles and measures relating to the prevention of child labor	<ul style="list-style-type: none"> <li>&gt; Employees</li> <li>&gt; Supplier management</li> </ul>
--------	---	--

**Forced or Compulsory Labor**

G4-HR6	Principles and measures relating to the prevention of forced or compulsory labor	<ul style="list-style-type: none"> <li>&gt; Employees</li> <li>&gt; Supplier management</li> </ul>
--------	--	--

**Security Practices**

G4-HR7	Training of security personnel	Hannover Re does not employ any security personnel of its own and has assigned this function to external service providers. The risk of human rights violations in the context of Hannover Re's business is extremely slight and in our assessment, therefore, this Indicator is in principle not relevant to our sustainability management.
--------	--------------------------------	--

**Supplier Human Rights Assessment**

G4-HR10	Percentage of new suppliers that were screened using human rights criteria	> Supplier management
---------	--	-----------------------

**Human Rights Grievance Mechanisms**

G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	No human rights violations have occurred to date at Hannover Re and we therefore do not consider the establishment of a grievance mechanism for human rights violations to be relevant to our company.
---------	--	--

**Sub-category: Society**

G4-DMA	Management approach	<ul style="list-style-type: none"> <li>&gt; Social Commitment</li> <li>&gt; Stakeholder dialogue</li> <li>&gt; Compliance</li> <li>&gt; Supplier management</li> </ul>
--------	---------------------	--

**Local Communities**

G4-S01	Percentage of business locations with implemented local community engagement, impact assessments, and development programs	<div><div>&gt; Stakeholder dialogue</div><div>&gt; Social Commitment</div></div>	
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	<div><div>&gt; Social Commitment</div></div>	With a few exceptions, as a reinsurer – i.e. as a business-to-business service provider – we do not have any direct contact with initial customers. Our business activities do not, in principle, create access points to financial services.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	<div><div>&gt; Sustainable insurance solutions</div></div>	

**Anti-corruption**

G4-S04	Communication and training on anti-corruption policies and procedures	> Compliance structure and report
--------	---	-----------------------------------

**Public Policy**

G4-S06	Total value of political contributions by country and recipient/beneficiary	> Employee engagement and donations	
--------	---	-------------------------------------	--

**Anti-competitive Behavior**

G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		No legal actions for anticompetitive behaviour, anti-trust or monopoly practices were taken against Hannover Re in the reporting period or in previous years; consequently, there are no findings to report.
--------	--	--	--

**Compliance**

G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		No significant fines were payable by Hannover Re in the reporting period or in previous years for non-compliance with laws and regulations. Nor have any non-monetary sanctions been imposed on Hannover Re.
--------	---	--	--

**Supplier Assessment for Impacts on Society**

G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	> Supplier management	
--------	--	-----------------------	--

**Grievance Mechanisms for Impacts on Society**

G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms"	> Compliance structure and report	
---------	---	-----------------------------------	--

**Sub-category: Product responsibility**

G4-DMA	Management approach	> Product responsibility > Risk expertise > Customer orientation and satisfaction > Sustainability asset management > Data privacy	
--------	---------------------	--	--

**Product and Service Labeling**

G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	> Customer orientation and satisfaction	The reinsurance industry is not subject to any statutory requirements to provide product or service information to its clients. On the contrary, in the context of taking out a reinsurance treaty it is normally the primary insurers that are required to provide detailed information to reinsurers about their business operations and the reinsured portfolio so that the reinsurer can accurately assess the risks.
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		In the reporting period there were no incidents of non-compliance with Hannover Re's duties to provide information about products or services. Nor were there any incidents of non-compliance with voluntary codes governing requirements to provide information.
G4-PR5	Results of surveys measuring customer satisfaction	> Customer orientation and satisfaction	

**Marketing Communications**

G4-PR6	Sale of banned or disputed products		Hannover Re does not conduct any advertising measures aimed at end customers in the sense of product marketing. Isolated marketing activities are carried out for the Hannover Re and E+S Rück brands, for example through image advertisements and information brochures about the company's orientation. Sales promotion takes place solely through individual contacts with clients. In view of Hannover Re's extremely modest advertising expenditure, no special programmes for adherence to laws and standards related to marketing communications have been put in place.
G4-PR7	Incidents of non-compliance with advertising and marketing guidelines		Hannover Re does not conduct any advertising measures aimed at end customers in the sense of product marketing. Isolated marketing activities are carried out for the Hannover Re and E+S Rück brands, for example through image advertisements and information brochures about the company's orientation. Sales promotion takes place solely through individual contacts with clients. In view of Hannover Re's extremely modest advertising expenditure, no special programmes for adherence to laws and standards related to marketing communications have been put in place.

**Customer Privacy**

G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	> Data privacy	
--------	---	----------------	--

**Compliance**

G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		In the reporting period and in the preceding years Hannover Re was not required to pay any significant fines for non-compliance with laws or regulations concerning the provision and use of products and services. Nor have any non-monetary sanctions been imposed on Hannover Re.
--------	--	--	--

**Product Portfolio**

G4-FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector	> Portfolio > Sustainable insurance solutions	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	> Sustainable insurance solutions	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	> Sustainable insurance solutions	

**Active Ownership Approach**

G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	> Sustainability in asset management	
---------	---	--------------------------------------	--

**Audit – Management Approach included in G4-DMA Product Responsibility**

# Impressum

## Corporate Communications

**Karl Steinle**

Tel. +49 511 5604-1500

Fax +49 511 5604-1648

[karl.steinle@hannover-re.com](mailto:karl.steinle@hannover-re.com)

## Investor Relations

**Julia Hartmann**

Tel. +49 511 5604-1529

Fax +49 511 5604-1648

[julia.hartmann@hannover-re.com](mailto:julia.hartmann@hannover-re.com)

**Melanie Raudzis-Bokelmann**

Tel. +49 511 5604-1729

Fax +49 511 5604-1648

[melanie.raudzis@hannover-re.com](mailto:melanie.raudzis@hannover-re.com)

Herausgeber

**Hannover Rück SE**

Karl-Wiechert-Allee 50

30625 Hannover

Tel. +49 511 5064-0

Text

**Kirchoff Consult AG, Hamburg**

[www.kirchoff.de](http://www.kirchoff.de)

Gestaltung und Umsetzung

**EQS Group AG**

[www.eqs.com](http://www.eqs.com)

Erschienen im Oktober 2016

