

somewhat
different



Sustainability Report 2016

28 % of Iceland's electricity is generated from geothermal sources. Global trends and developments like climate changes, proliferation of geopolitical and economic uncertainties, demographic change or increasing digitisation offer both, risks and opportunities. We look at the world from many perspectives and are experts in working with our customers to translate risks into opportunities.

hannover **re**[®]

Foreword



In 2016 we celebrated our 50th anniversary: quick, flexible and undogmatic, with lean structures and an efficient organisation, we have grown in just 50 years into a well-diversified, globally operating reinsurer of above-average profitability. Our more recent company history similarly shows that based on our good competitive positioning, strong financial strength rating and a comparatively low administrative expense ratio, we have what it takes to succeed even in a very challenging market environment. It is and remains our goal to increase the value of our company on a sustainable basis.



Foreword

Ladies and gentlemen,

The year 2016 was a special one for us in many respects. On 6 June 2016 we celebrated our company's fiftieth anniversary and had the opportunity to look back on its highly successful history. In the space of just 50 years we have grown into a well-diversified, globally operating reinsurer of above-average profitability.

Before I take a closer look at our company's sustainability achievements, I would first like to say a few words about the financial results.

Entirely in keeping with our Group strategy and its central message of "Long-term success in a competitive business", we posted another very good result for 2016. With Group net income of EUR 1.17 billion we generated a fifth consecutive record profit.

Property and casualty reinsurance played the largest part in this performance in the year under review. It is thus evident that thanks to our very good competitive positioning and low management expenses we are able to succeed in this business group even in the face of a difficult market climate. In life and health reinsurance, too, we delivered a solid result that fully lived up to our expectations. In view of the protracted low level of interest rates we are also thoroughly satisfied with our investment income.

Overall, gross premium contracted in 2016. Especially in property and casualty reinsurance, we responded to the ongoing intensely competitive market conditions by pursuing a strictly profit-oriented and selective underwriting policy.

With the entry into force of Solvency II on 1 January 2016 the year under review was also notable for new regulatory developments in the European insurance industry. Solvency II has the principal goals of strengthening protection for insureds, creating consistent competitive standards in the insurance sector within the single European market and hence assuring a more uniform supervisory practice. We were quick and energetic in our preparations for the new requirements: our own internal model for risk management was one of the first in Europe to be approved by the Federal Financial Supervisory Authority (BaFin). Our internal capitalisation targets comfortably exceed the regulatory requirements. We are able to leverage the know-how that we gained in the development of our capital model for the design of individual reinsurance solutions for primary insurers, which means that we are opti-

mally placed to service the growing demand for customised reinsurance solutions.

The so-called "Act to strengthen non-financial reporting by companies in their management reports and group reports" (CSR Directive Implementation Act) was another major new development in the legal landscape: from 2017 onwards capital market-oriented companies with more than 500 employees are required to report on material non-financial aspects. The trust of our stakeholders and an immaculate reputation are essential prerequisites for the success of our company. With this in mind, we set in motion the necessary steps to implement the provisions of the legislation.

The Digital Revolution has already been a major preoccupation for the insurance sector for some years now, and this was again the case in the year under review. With primary insurers facing sustained cost pressure, the development of new products, the optimisation of business processes and innovative ideas for servicing and attracting customers are central concerns for the insurance industry. The (re)insurance sector is also harnessing the trend towards digitalisation to optimise its point-of-sale systems and structure internal value creation chains even more efficiently. Against the backdrop of progressively widespread digitalisation, covers for cyber risks experienced a surge in demand in the year under review. These risks, which constitute emerging risks, offer a highly promising growth market for our company – one in which we have had a presence for a number of years as a provider of reinsurance products. The strategy that we had elaborated in recent years to expand this segment was already rewarded with premium growth in the year under review.

A stated aim of our strategy is to develop the skills and qualifications, experience and performance capability of our employees. In the spirit of this aspiration, we have further stepped up our strategic health management programme. In 2016, along with continuing and expanding the existing measures, we launched the first company-wide Wellness Day – a forum that we used to convey holistic knowledge on a range of issues relating to in-house health management. Not only that, mention should also be made of the roll-out of our Employee Assistance Programme, which enables our managers, employees and their family members to access immediate advice free of charge and anonymously on personal, professional and psychological matters as well as other health-related concerns. The success of our commitment to our employees is borne out by the staff turnover ratio at the Hannover location, which remains low by industry standards.

Another important goal that we had enshrined in our Sustainability Strategy and finally accomplished in the year under review is a carbon-neutral footprint at our Hannover location. The changeover to electricity from renewable energy sources in recent years and the offsetting of greenhouse gas emissions caused by plane travel, district heating and paper consumption were instrumental in this achievement.

With the release of our Sustainability Report for the 2016 financial year we are publishing information on social, environmental and governance issues within our company for the sixth year in succession.

I trust that you will find this report to be stimulating reading and encourage you to engage in a dialogue with us.

Yours sincerely,



Ulrich Wallin
Chairman of the Executive Board

Organisational Profile

Our company is an European Company, Societas Europaea (SE), based in Hannover. We transact all lines of property & casualty and life & health reinsurance and have a global presence with around 2,900 staff. Today, we can look back on more than 50 successful years in the reinsurance business. Established in 1966, our Group now encompasses more than 100 subsidiaries, branches and representative offices worldwide. With gross premium in excess of EUR 16 billion, we are the third-largest reinsurer in the world.



Company portrait

About us

With gross premium of more than EUR 16 billion we are 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 2,900 staff. We can look back on over 50 successful years in the reinsurance business. Established in 1966, our Group today has a network of more than 100 subsidiaries, branches and representative offices worldwide. Our subsidiary E+S Rück transacts the German business of our Group.

The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück very good financial strength ratings: Standard & Poor's "AA-" (Very Strong) and A.M. Best "A+" (Superior). Along with our excellent financial strength ratings, our high degree of diversification, balanced risk management and low administrative expense ratio by industry standards ensure that we can enjoy lasting success even in a competitive market.

The strategy pursued in both property & casualty and life & health reinsurance supports our overriding vision: "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.

More information on the topic at

 [Strategy and Management](#)

 [AR 2016: Business model](#)

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

In view of the fact that we assume reinsurance risks with largely little or no correlation across all lines of our Property & Casualty and Life & Health reinsurance business groups and thanks to our global presence, we achieve broad diversification and hence an efficient risk balance. In conjunction with our capital management, this is the key to our comparatively low cost of capital.

We 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.

Organisational profile

Operational Group structure

Our 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 16.4 billion written in 2016, 56% was attributable to property and casualty reinsurance and 44% to life and health reinsurance.

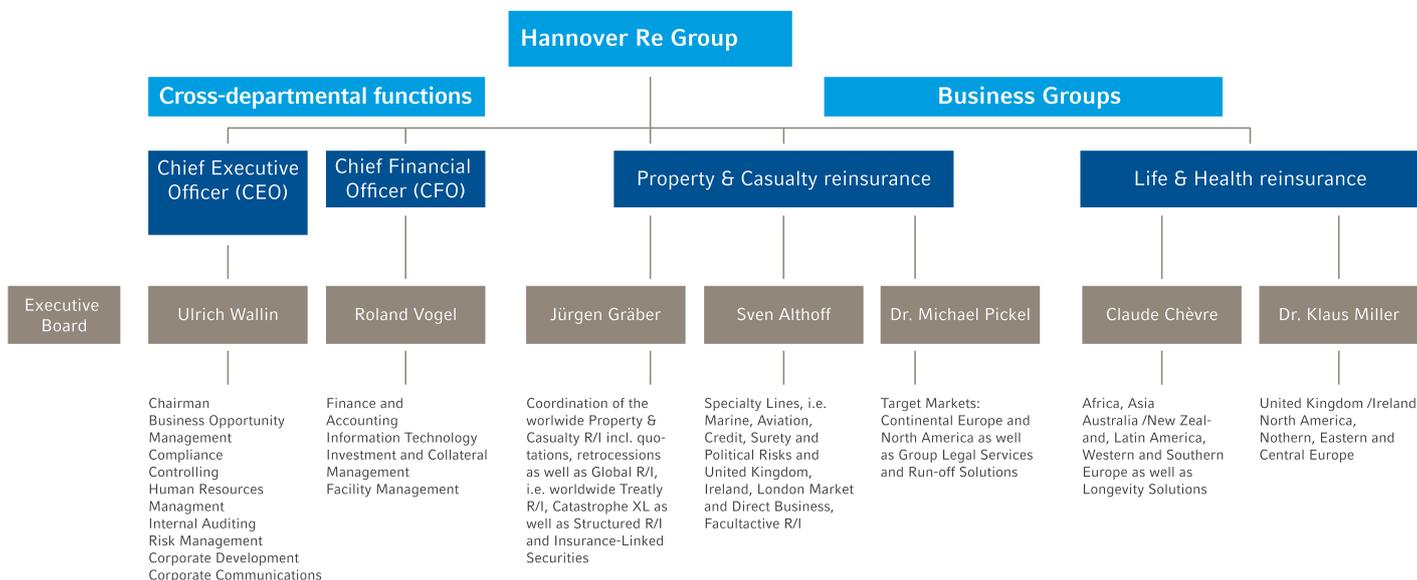
In property and casualty reinsurance we assume risks from our clients in accordance with our margin-oriented underwriting policy, thereby enabling them to reduce their underwriting risks. Reflecting the areas of Board responsibility, we break the business group down into three subsegments:

1. our defined target markets, namely 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.

We report the business that we write 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. Our clientele in the Life & Health reinsurance business group includes life and health insurers, banks, sales companies and pension funds.

In addition to the regional and treaty divisions, the Group's main departments 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.

Operational Group structure



R/I = Reinsurance

The Group worldwide

We operate globally and are represented by a network of more than 100 subsidiaries, affiliates, branches and representative offices with a total workforce of 2,893 (valid: 31 December 2016). In addition to the Home Office in Hannover with 1,349 employees (46.6% of the workforce), our major locations are in the United States (312 employees; 10.8% of the workforce), South Africa (276 employees; 9.5% of the

workforce) as well as the United Kingdom (235 employees; 8.1% of the workforce) and Sweden (180 employees; 6.2% of the workforce).

Material changes in our Group structure are described in the Group Annual Report 2016 (Notes 4.3-4.5). These include the major acquisitions and new formations, disposals and retirements as well as other corporate changes.

The Group worldwide

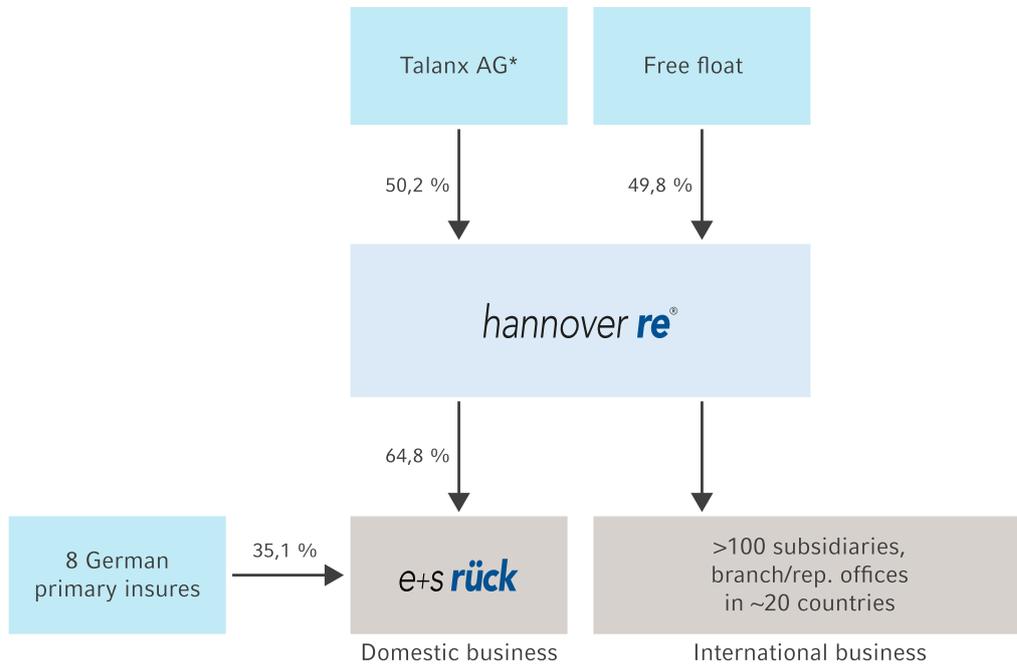


A complete list of our shareholdings is provided on [page 158 et seq. of the Annual Report 2016](#).

Shareholder structure

Our long-standing principal shareholder is Talanx AG. It is majority-owned by "Haftpflichtverband der Deutschen Industrie" (HDI). As a

mutual insurance company, HDI's focus on long-term corporate success plays a positive part in sustainable value creation.



Majority shareholder HDI V.a.G.

More information on the topic at

- [AR 2016: Life & Health reinsurance](#)
- [AR 2016: Property & Casualty reinsurance](#)
- [AR 2016: Notes 4.3](#)
- [AR 2016: Notes 4.4](#)
- [AR 2016: Notes 4.5](#)
- [Website: Shareholder structure](#)

Product portfolio

Property & Casualty reinsurance

In property and casualty reinsurance we assume risks from primary insurers in accordance with our 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, we are 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 trends and lines of business
- Flexible organisation: Utilisation of all sales channels, i.e. both direct contacts and 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	2016	+ / - previous year	2015	2014	2013 ¹	2012
Gross written premium	9,204.6	-1.4%	9,338.0	7,903.4	7,817.9	7,717.5
Net premium earned	7,985.0	-1.4%	8,099.7	7,011.3	6,866.3	6,854.0
Underwriting result	479.1	+10.8%	432.2	351.5	335.5	272.2
Net investment income	900.9	-4.7%	945.0	843.6	781.2	944.5
Operating result (EBIT)	1,340.3	-0.1%	1,341.3	1,190.8	1,061.0	1,091.4
Group net income	949.9	+3.8%	914.7	829.1	807.7	685.6
Earnings per share in EUR	7.88	+3.8%	7.58	6.88	6.70	5.68
EBIT margin ²	16.8%		16.6%	17.0%	15.5%	15.9%
Retention	88.5%		89.3%	90.6%	89.9%	90.2%
Combined ratio ³	93.7%		94.4%	94.7%	94.9%	95.8%

¹ Adjusted pursuant to IAS 8

² Operation result (EBIT) / net premium earned

³ Including expenses on funds withheld and contract deposits

Life & Health reinsurance

In life and health reinsurance we offer our 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.

We act responsively, flexibly, efficiently and undogmatically, making us one of the leading life and health reinsurers with a global presence. Our value proposition encompasses:

- Financial solutions: these include 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)
- Reinsurance services: a range of individualised services, e.g. for optimising 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	2016	+ / - previous year	2015	2014	2013 ¹	2012
Gross written premium	7,149.0	-7.5%	7,730.9	6,458.7	6,145.4	6,057.9
Net premium earned	6,432.4	-0.9%	6,492.4	5,411.4	5,359.8	5,425.6
Investment income	638.9	-9.9%	709.2	614.2	611.5	685.1
Claims and claims expenses	5,480.3	+0.4%	5,459.0	4,636.2	4,305.7	4,023.5
Change in benefit reserve	80.5	-20.4%	101.1	28.6	146.5	529.4
Commissions	1,032.6	-3.9%	1,075.1	946.4	1,169.0	1,098.0
Own administrative expenses	202.0	+2.4%	197.3	175.7	156.7	144.1
Other income / expenses	67.1	+86.9%	35.9	25.1	(42.9)	(36.7)
Operating result (EBIT)	343.3	-15.3%	405.1	263.8	150.5	279.0
Net income after tax	252.9	-12.7%	289.6	205.0	164.2	222.5
Earnings per share in EUR	2.10	-12.7%	2.40	1.70	1.36	1.84
Retention	90.4%		84.2%	83.9%	87.7%	89.3%
EBIT margin ²	5.3%		6.2%	4.9%	2.8%	5.1%

¹ Adjusted pursuant to IAS 8

² 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 102.80, the market capitalisation of our Group as at the end of the financial year amounted to

EUR 12.4 billion and was thus EUR 0.3 billion – or 2.7% – lower than the previous year's figure of EUR 12.7 billion.

Figures in EUR million	2016	+ / - previous year	2015	2014	2013	2012 ¹
Results						
Gross written premium	16,353.6	-4.2%	17,068.7	14,361.8	13,963.4	13,774.2
Net premium earned	14,417.6	-1.2%	14,593.0	12,423.1	12,226.7	12,279.2
Net underwriting result	115.9	+23.6%	93.8	(23.6)	(83.0)	(96.9)
Net investment income	1,550.4	-6.9%	1,665.1	1,471.8	1,411.8	1,655.7
Operating profit (EBIT)	1,689.3	-3.8%	1,755.2	1,466.4	1,229.1	1,393.9
Group net income	1,171.2	+1.8%	1,150.7	985.6	895.5	849.6
Balance sheet						
Policyholders' surplus	11,231.4	+9.4%	10,267.3	10,239.5	8,767.9	8,947.2
Equity attributable to shareholders of Hannover Rück SE	8,997.2	+11.5%	8,068.3	7,550.8	5,888.4	6,032.5
Non-controlling interests	743.3	+4.8%	709.1	702.2	641.6	681.7
Hybrid capital	1,490.8	+0.1%	1,489.9	1,986.5	2,237.8	2,233.0
Investments (excl. funds withheld by ceding companies)	41,793.5	+6.2%	39,346.9	36,228.0	31,875.2	31,874.4
Total assets	63,528.6	+0.5%	63,214.9	60,457.6	53,915.5	54,811.7
Share						
Earnings per share (basic and diluted) in EUR	9.71	+1.8%	9.54	8.17	7.43	7.04
Book value per share in EUR	74.61	+11.5%	66.90	62.61	48.83	50.02
Dividend	603.0 ²	+5.3%	572.8	512.5	361.8	361.8
Dividend per share in EUR	3.50 + 1.50 ²	+5.3%	3.25 + 1.50 ²	3.00 + 1.25 ²	3.00	2.60 + 0.40 ²
Share price at year-end in EUR	102.80	-2.7%	105.65	74.97	62.38	58.96
Market capitalisation at year-end	12,397.4	-2.7%	12,741.1	9,041.2	7,522.8	7,110.4

	2016	+ / - previous year	2015	2014	2013	2012 ¹
Ratios						
Combined ratio (property and casualty reinsurance) ³	93.7 %		94.4 %	94.7 %	94.9 %	95.8 %
Large losses as percentage of net premium earned (property and casualty reinsurance) ⁴	7.8 %		7.1 %	6.1 %	8.4 %	7.0 %
Retention	89.3 %		87.0 %	87.6 %	89.0 %	89.8 %
Return on investment (excl. funds withheld by ceding companies) ⁵	3.0 %		3.5 %	3.3 %	3.4 %	4.1 %
EBIT margin ⁶	11.7 %		12.0 %	11.8 %	10.1 %	11.4 %
Return on equity (after tax)	13.7 %		14.7 %	14.7 %	15.0 %	15.4 %

¹ Adjusted pursuant to IAS 8

² Dividend of EUR 3.50 plus special dividend of EUR 1.50 for 2016, 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

³ Including expenses on funds withheld and contract deposits

⁴ 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

⁵ Excluding effects from ModCo derivatives

⁶ Operating result (EBIT) / net premium earned

Key personnel indicators

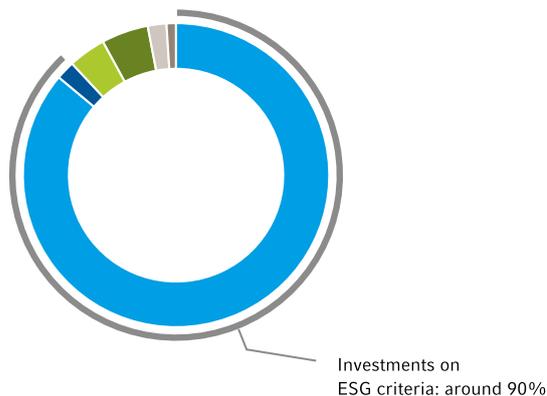
	2016 ¹	2015	2014	2013	2012	2011	2010	2009
Hannover Re Group								
Number of employees	2,893	2,568	2,534	2,419	2,312	2,217	2,192	2,069
Women	1,403	1,313	1,303	1,243	1,192	1,156	1,139	1,090
Men	1,490	1,255	1,231	1,176	1,120	1,061	1,053	979

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

	2016	+ / - previous year	2015	2014	2013	2012	2011	2010	2009
Hannover location									
Number of employees	1,349	0.9%	1,337	1,289	1,219	1,164	1,110	1,089	1,032
Age structure									
Up to age 29	153	-7.3%	165	160	149	141	140	157	165
Age 30 to 49	869	0.6%	864	855	814	789	754	743	698
Age 50 and over	327	6.2%	308	274	256	234	216	189	169
Proportion of women in management positions	16.3%	0.3%p	16.0%	17.0%	15.6%	16.8%	15.5%	12.3%	12.0%
average number of training days per employee	6.1	0.0%	6.1	4.3	3.7	5.0	5.0	5.0	6.5
Staff turnover rate	3.1%	0.6%p	2.5%	1.5%	2.8%	2.8%	4.3%	1.9%	2.3%
Absenteeism	3.9%	0.1%p	3.8%	3.6%	3.4%	3.5%	3.4%	3.0%	3.2%

Asset allocation as at 31 December 2016

~90% of investments are subject to Environmental, Social and Governance (ESG) criteria.



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

Book value 2016: EUR 42.3 billion

Key environmental indicators at the Hannover location

	2016 ¹	+ / - previous year	2015 ¹	2014 ²	2013 ²	2012 ²
Total workforce	2,893 ³	4,7%	2,568	2,534	2,419	2,312
Employees at the Hannover location	1,349	0,9%	1,337	1,289	1,219	1,164
Electricity (in kWh)	9,008,650	1,6%	8,868,345	8,969,975	9,114,482	8,802,262
Heat (in kWh)	3,097,942	12,8%	2,746,698	2,748,014	3,359,694	2,319,854
Water (in l)	16,664,000	-2,5%	17,088,000	15,176,000	15,778,000	14,961,000
Paper (in sheets)	5,753,750	-12,8%	6,600,810	7,551,200	8,502,060	8,766,000
Waste (in kg)	162,890	3,8%	156,880	193,760	214,250	205,790
Business trips (in km)	20,738,566	1,0%	20,530,043	20,447,867	18,185,062	16,654,504
CO2 emissions ⁴ (in kg)	9,023,000	5,2%	8,581,000	7,798,000	7,203,000	4,984,000
Data capture percentage of the environmental indicators (in % of Group employees)	46.6%	-1,8%p	52.1%	50.9%	50.4%	50.3%

¹ All premises at the Hannover location (Karl-Wiechert-Allee 50 and 57, Roderbruchstraße 21 and 26 as well as infant daycare centre)
² All premises at the Hannover location (Karl-Wiechert-Allee 50 and 57 (pro rata), Roderbruchstraße 21 and 26 as well as infant daycare centre)
³ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.
⁴ Radiative Forcing Index: 2.7

Executive Board

Our Executive Board is comprised of seven 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 success. In this context, the members of our 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. Only persons under the age of 65 may be appointed to the Executive Board. The term of appointment is to be determined such that it expires no later than the end of the month in which the member of the Executive Board turns 65. The Supervisory Board takes account of diversity considerations in the composition of the Executive Board.



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
Specialty 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 2016: Enterprise management](#)
- [Website: Executive Board](#)

Supervisory Board

Our Supervisory Board 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. Since 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 thus already ensured by structural means. In addition, the Supervisory Board is kept informed on a regular (at least quarterly) and timely basis of the business development, the execution of strategic decisions, material risks and planning as well as relevant compliance issues. The Chairman of the Supervisory Board stays in regular contact with the Chairman of the Executive Board in order to discuss with him significant business occurrences. Our Articles of Association, 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 Rules of Procedure of the Supervisory Board provide inter alia that each member of the Supervisory Board must have the knowledge, skills and professional experience required for orderly performance of their tasks and that the Supervisory Board must have a sufficient number of independent members. Currently, four of the six shareholder representatives elected at the Annual General Meeting are independent as defined by Item 5.4.2 of the German Corporate Governance Code. At least one independent member must have technical exper-

tise in the fields of accounting and the auditing of financial statements. This is also assured at the present time.

Persons suggested to the Annual General Meeting as candidates for election to the Supervisory Board may not be older than 72 at the time of their election and shall normally not belong to the Supervisory Board as a member for longer than three full consecutive terms of office. The latter has been applicable since the 2014 Annual General Meeting. Nominations shall take account of the company's international activities as well as diversity considerations in the composition of the Supervisory Board. Furthermore, it shall be ensured that the proposed person can allocate the expected amount of time to properly perform their duties. In addition, no more than two former members of the company's Executive Board may belong to the Supervisory Board. In order to efficiently perform its tasks the Supervisory Board has formed a number of committees: the Finance and Audit Committee, the Standing Committee and the Nomination Committee. The Supervisory Board committees are each comprised of three members and prepare matters within their scope of competence for discussion and adoption of a resolution by the full Supervisory Board. In addition, the committees are also assigned their own authority to adopt resolutions.

Information regarding the composition of the Supervisory Board and memberships of legally required supervisory boards and comparable control boards at other domestic and foreign business enterprises as at 31 December 2016 is provided below.

Herbert K. Haas^{1,2,4}

Burgwedel

Chairman of the Supervisory Board

Chief Executive Officer of Talanx AG

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

Other seats on supervisory boards and 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, Hannover⁵

Dr. Klaus Sturany¹

Ascona, Switzerland

Deputy Chairman

Former member of the Executive Board of RWE AG

Other seats on supervisory boards and comparable control boards

- Member of the Supervisory Board of Bayer AG, Leverkusen

Wolf-Dieter Baumgart^{1,2,4}

Berg

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

Other seats on supervisory boards and comparable control boards

- 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 Advisory Board E+S Rückversicherung AG, Hannover⁵
- Member of the Administrative Board of HDI Assicurazioni S.p.A., Rome / Italy⁵

Frauke Heitmüller⁶

Hannover

Employee

Other seats on supervisory boards and comparable control boards

- No other seats

Otto Müller⁶

Hannover

Employee

Other seats on supervisory boards and comparable control boards

- Member of the Supervisory Board of Talanx AG, Hannover

Dr. Andrea Pollak⁴

Vienna, Austria

Independent management consultant

Other seats on supervisory boards and comparable control boards

- Chairwoman of the Advisory Board of Kuchen-Peter Backwaren GmbH, Hagenbrunn / Austria⁵
- Deputy Chairwoman of the Supervisory Board Fronius International GmbH, Pettenbach, Austria⁵

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.

Other seats on supervisory boards and comparable control boards

- Chairman of the Supervisory Board of Talanx Asset Management GmbH, Cologne
- Chairman of the Administrative Board of Talanx Finanz (Luxemburg) S.A., Luxembourg⁵
- Deputy Chairman of the Supervisory Board of AmpegaGerling Investment GmbH, Cologne⁵
- Deputy Chairman of the Supervisory Board of Talanx Immobilien Management GmbH, Cologne⁵
- Deputy Chairman of the Supervisory Board Talanx Reinsurance Broker AG, Hannover⁵
- Deputy Chairman of the Supervisory Board of Talanx Service AG, Hannover
- Member of the Supervisory Board of BÖAG Börsen AG, Hannover
- Member of the Supervisory Board Caplantic GmbH, Hannover⁵
- Member of the Supervisory Board E+S Rückversicherung AG, Hannover
- Member of the Supervisory Board Talanx International AG, Hannover
- Member of the Supervisory Board Talanx Systeme AG, Hannover
- Member of the Supervisory Board Tertia Handelsbeteiligungsgesellschaft mbH, Cologne⁵
- Member of the Stock Exchange Council Frankfurter Wertpapierbörse (Deutsche Börse AG), Frankfurt am Main⁵
- Member of the Board of Directors Talanx Re (Ireland) Limited, Dublin, Ireland⁵

Dr. Erhard Schipporeit^{2,3}

Hannover

Member of various supervisory boards

Other seats on supervisory boards and comparable control boards

- Member of the Supervisory Board BDO AG, Hamburg
- Member of the Supervisory Board Deutsche Börse AG, Frankfurt am Main
- Member of the Supervisory Board Fuchs Petrolub SE, Mannheim
- Member of the Supervisory Board HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover
- Member of the Supervisory Board RWE AG, Essen
- Member of the Supervisory Board SAP SE, Walldorf
- Member of the Supervisory Board Talanx AG, Hannover

Maike Sielaff⁶

Burgwedel

Employee

Other seats on supervisory boards and comparable control boards

- No other seats

¹ Member of the Standing Committee

² Member of the Finance and Audit Committee

³ Independent financial expert on the Finance and Audit Committee

⁴ Member of the Nomination Committee

⁵ Memberships of comparable control boards at other domestic and foreign business enterprises

⁶ Staff representative

More information on the topic at

 Management structure

 AR 2016: Report of the Supervisory Board

 AR 2016: Enterprise management

 Website: Executive Board

Strategy and Management



Our Group strategy encompasses ten strategic principles that ensure the realisation of our vision "Long-term success in a competitive business" across the various business units. We implement the strategy in accordance with our holistic management system Performance Excellence 2.0. With the aid of the internal Strategy Guide and the Strategy Cockpit tool, each organisational unit defines its own contribution to the Group Strategy. In this way, we ensure that all initiatives and activities within the company are rigorously linked to our strategic objectives.



Strategy and Management

Our vision: Long-term success in a competitive business

Tailor-made solutions for our business partners form the basis for strengthening and further expanding our position as one of the leading, globally operating reinsurance groups. They enable us to achieve sustainable success over the long term and to assert our standing as one of the world's most profitable reinsurers. By identifying the opportunities for business innovation offered by emerging risks, we consistently expand the scope of our activities.

We are passionate about reinsurance and chart our own course. We are quick, flexible and undogmatic and we strive for excellence. Our organisation is geared to efficiency and operates with lean structures, enabling us to transact our insurance business with lower administra-

tive expenses than our competitors and to offer our business partners an attractive value proposition.

As a leading player in the reinsurance industry, our commercial success is crucially dependent on the correct assessment of present and emerging risks. This process of evaluating risks is growing in complexity due to the constant monitoring and analysis of new and emerging risks, trends and future-related factors; sustainability aspects are also playing a greater role in this context. In some instances these have direct strategic and operational relevance to our reinsurance products and the management of our investments.

Our goal is to achieve economic success without losing sight of the needs of our staff, social concerns, protection of the environment and the conservation of natural resources. In conformity with our Group Strategy, we define sustainability goals and implement appropriate measures.

More information on the topic at

-  Website: Group Strategy
-  Website: Sustainability Strategy
-  AR 2016: Strategy

Group strategy

Our Group strategy encompasses ten strategic principles that apply to all business units and help to ensure that we can realise our vision of "Long-term success in a competitive business".

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 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 Group strategy in accordance with 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 provided under "Value-based management", in the respective sections of the Sustainability Report 2016 and in our Strategy Brochure.

We subject our Group strategy to regular scrutiny. This strategy review, which is carried out on a rotating basis, is taking place at the current time. We expect to present the updated Group strategy for the new strategy cycle 2018 – 2020 in October 2017.

More information on the topic at

-  [Value-based management](#)
-  [Company portrait](#)
-  [Organisational profile](#)
-  [Strategy and Management](#)
-  [Website: Group Strategy](#)
-  [Website: Company presentation](#)

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, we have established ourselves as one of the leading globally operating reinsurance groups.

Somewhat different

Right from our earliest days we were a somewhat different reinsurer: we had to secure a footing with comparatively tight capital resources in a market dominated by long-standing players. 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. In order to grow we often had to break new ground and take on a pioneering role. We were one of the first companies in Europe to receive an S&P rating, for example, and the first German reinsurer to adopt capital-market-oriented accounting principles in its financial reporting. In 1994 we were the first reinsurer to securitise natural catastrophe risks for the capital market. In 1998 this was followed by the first transfer of new business acquisition costs associated with life and health reinsurance. Long embodied in our daily practice, the claim to be "somewhat different" has served as an expression of the entire group's self-image since 2005.

In 2015 we received approval from the Federal Financial Supervisory Authority (BaFin) to calculate our solvency requirements according to our internal partial capital model following the implementation of Solvency II. In this way we can best map the risk structure of our reinsurance business – unlike with the standard model. We are thus able to identify attractive business, optimally allocate capital to business groups, regions and lines and maximise opportunities for diversification, while continuing to efficiently fulfil our supervisory capital requirements in accordance with 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.

Going forward, too, we intend to tackle new developments and challenges with innovative ideas and concepts. In 2016 we held a competition under the name "Journey Re" in which teams of talented young people developed new business models for the insurance and reinsurance industries. Following the six-month project duration eight teams presented their product and business ideas, all of which were found to be promising by the Executive Board. Prize money of EUR 80,000 was awarded to the three concepts offering the greatest prospects of success. The fruits of this initiative are now being transformed into projects and will be refined into marketable commodities during 2017.

A highly profitable reinsurer

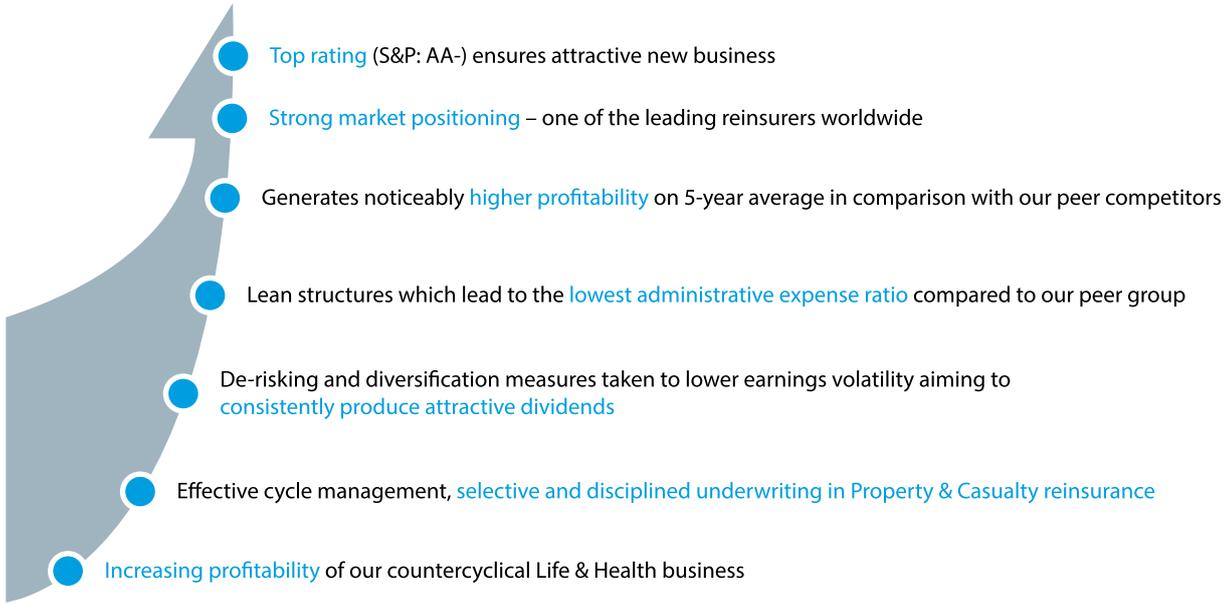
A special hallmark of our business philosophy is that we do not fall back solely on standardised reinsurance solutions. We offer our clients financing solutions and customised concepts designed to provide relief for capital and reserves that are individually tailored to their needs.

We transact our insurance business with lower management expenses than our peers. This is to the benefit not only of our clients but also our shareholders.

In view of the fact that we assume reinsurance risks with largely little or no correlation across all lines of our Property & Casualty and Life & Health reinsurance business groups and thanks to our global presence, we achieve broad diversification and hence an efficient risk balance. In conjunction with our capital management, this is the key to our comparatively low cost of capital.

We have a very robust capital base which is continuously reviewed with an eye to possible changes in the risk profile. Our rigorous risk management is geared to acting on business opportunities and hence securing our financial strength over the long term.

Business model

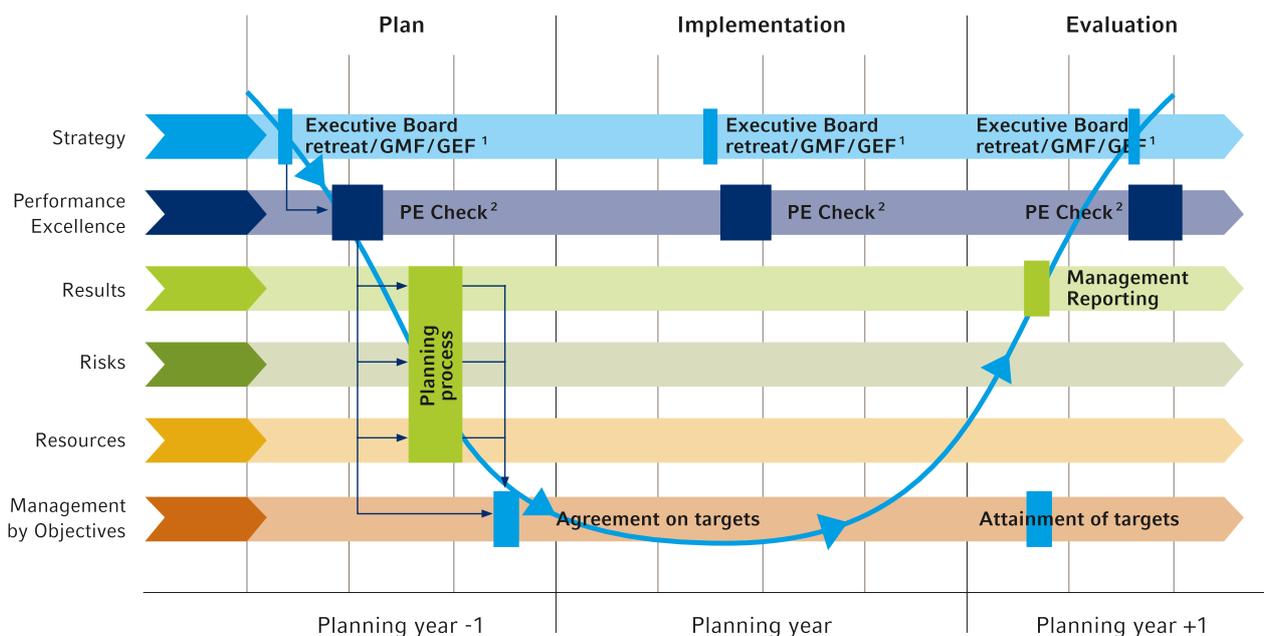


Value-based management

Our holistic management system Performance Excellence 2.0 ensures implementation our Group strategy across the various areas of business. Based on the Excellence Model of the European Foundation for Quality Management (EFQM), it enables each of our Group's organisa-

tional units to define and examine its own contribution to the Group strategy. In this way, we ensure that all initiatives and activities within our Group are rigorously linked to the Group strategy.

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



¹ The Global Management Forum (GMF) and the Global Executive Forum (GEF) bring together senior managers of the Hannover Re Group around the world for the purpose of defining strategic orientations. The parameters developed here serve as the basis for the subsequent planning process.

² 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 the individual 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. These targets are analysed annually and adjusted in the context of the strategy review conducted at regular (three-year) intervals – which is ongoing at the present time. When it comes to adjusting the target parameters, our focus is on long-term strategic target attainment.

Target attainment

Business group	Key data	Targets for 2016	Target attainment			
			2016	2015	2014	Ø 2014 - 2016 ¹
Group	Investment return ²	≥ 2.9	3.0%	3.5%	3.3%	3.3%
	Return on equity ³	≥ 9.9%	13.7%	14.7%	14.7%	14.3%
	Growth in earnings per share (year-on-year comparison)	≥ 6.5%	1.8%	16.7%	10.1%	9.4%
	Value creation per share ⁴	≥ 7.5%	18.6%	13.6%	34.4%	21.0%
Property & Casualty reinsurance	Gross premium growth	3 – 5% ⁵	-0.2%	8.1%	1.2%	3.0%
	Combined ratio	≤ 96% ⁶	93.7%	94.4%	94.7%	94.3%
	EBIT margin ⁷	≥ 10%	16.8%	16.6%	17.0%	16.8%
	xRoCA ⁸	≥ 2%	7.1%	7.4%	10.7%	8.4%
Life & Health reinsurance	Gross premium growth	5 – 7% ⁹	-4.3%	9.5%	4.9%	3.2%
	Value of New Business (VNB) ¹⁰	≥ EUR 220 million	EUR 893 million	EUR 543 million	EUR 448 million	-
	EBIT margin ⁷ Financial Solutions / Longevity	≥ 2%	9.4%	11.0%	5.0%	8.6%
	EBIT margin ⁷ Mortality / Morbidity	≥ 6%	3.4%	3.6%	4.8%	3.9%
	xRoCA ⁸	≥ 3%	3.5%	8.9%	7.3%	6.5%

¹ Average annual growth, otherwise weighted averages

² Excluding effects from ModCo derivatives

³ After tax; target value: 900 basis points above the 5-year average return on 10-year German government bonds

⁴ Growth in book value per share including dividend paid

⁵ Average over the reinsurance cycle; at constant exchange rates

⁶ Including major loss budget of EUR 825 million

⁷ EBIT / net premium earned

⁸ Excess return on allocated economic capital

⁹ Organic growth only; annual average growth (5 years); at constant exchange rates

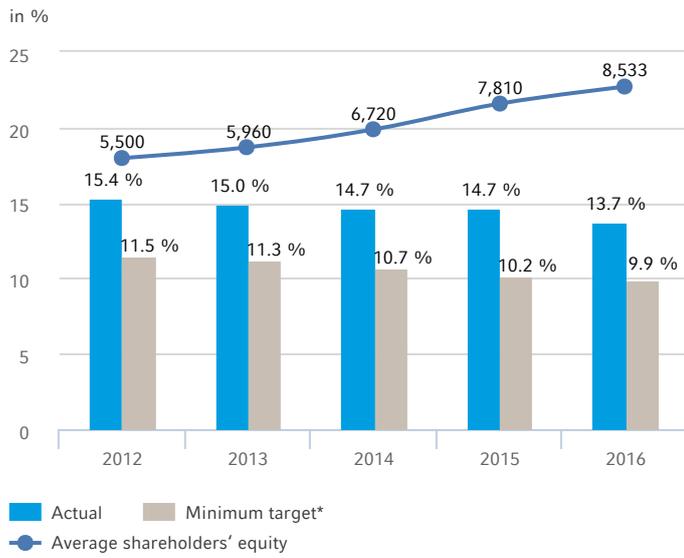
¹⁰ Since 2016 based on Solvency II principles and pre-tax reporting; until 2015 MCEV principles (cost of capital already increased from 4.5% to 6% in 2015) and post-tax reporting

Especially in terms of its return on equity, our Group has performed very favourably in recent years despite the intensely competitive environment faced by reinsurers. Our return on equity target of 900 basis points above risk-free – which is enshrined in the Group strategy – 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

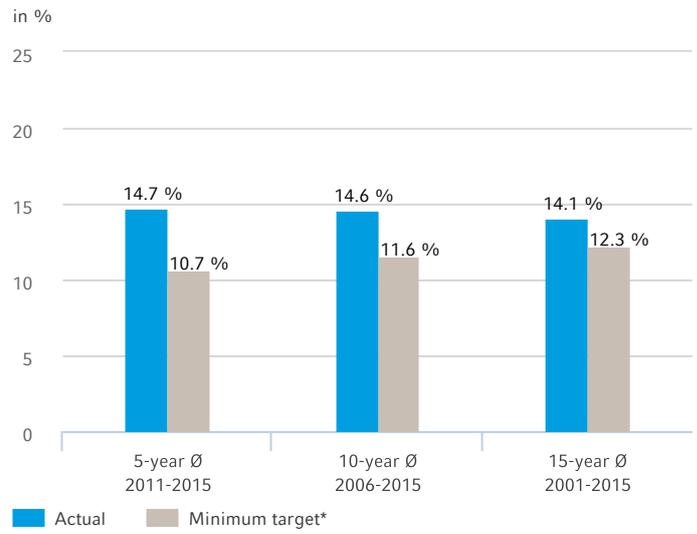
are able to effectively allocate our capital in light of opportunity and risk considerations which generates a higher-than-average return on equity.

The following chart shows that our annual return on equity in recent years comfortably surpassed the set minimum targets.

Return on Equity: yearly



Return on Equity: average



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

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 – 2017](#)
- [Website: 50 years somewhat different](#)
- [AR 2016: Value-based management](#)

Business performance

In the 2016 financial year we generated gross premium income of EUR 16.4 billion, a decrease of 4.2% compared to the previous year. The operating profit (EBIT) stood at EUR 1.7 billion (previous year: EUR 1.8 billion). Earnings per share amounted to EUR 9.71.

Altogether, we distributed around 50% of Group net income to our shareholders. The total amount paid out came to EUR 603.0 million, split into a basic dividend of EUR 3.50 plus a special dividend of EUR 1.50 per share.

The equity attributable to our shareholders rose by 11.5% relative to the previous year to reach EUR 9.0 billion (previous year: EUR 8.1 billion). The total policyholders' surplus (including non-con-

trolling interests and hybrid capital) similarly grew by 9.4% to EUR 11.2 billion (previous year: EUR 10.3 billion). The book value per share increased accordingly to stand at EUR 74.61 (previous year: EUR 66.90). The return on equity declined slightly year-on-year to 13.7% (previous year: 14.7%).

Personnel expenditure on wages and salaries amounted to EUR 258.1 million (previous year: EUR 246.4 million) in the last financial year, a modest increase relative to the previous year.

Our indirect economic impacts are linked to the product-related goals and measures of our Sustainability Strategy and Group Strategy and fall within the scope of responsibility of the Executive Board.

More information on the topic at

-  Company portrait
-  AR 2016: Key figures
-  AR 2016: Other information

Sustainability Strategy

For us, sustainability means a commitment to responsible and transparent corporate governance geared to lasting success. With this in mind, in 2011 we drew up a sustainability strategy that reflects in concrete terms the higher-order Group strategy of the Group and in which we explicitly commit to our strategic objective of sustainable value creation.

In 2014 we reviewed our Group 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 four action fields and specifies 14 concrete goals and 42 measures.

Our Sustainability actions fields



The revised Group Strategy 2018 – 2020, which is expected to be unveiled in September 2017, sets in motion a new strategy cycle in the context of which the Sustainability Strategy will also be revisited.

Governance and Dialog

The considerable importance attached to the issue of sustainability is also reflected in the associated responsibility within the enterprise. Our Executive Board jointly bears responsibility for and tracks implementation of the sustainability strategy. The German Corporate Governance Code and our company’s Corporate Governance principles are the foundations of our actions. From our employees and especially from managers we expect systematic compliance with our Code of Conduct, which is applicable worldwide. Both as part of our company’s strategic orientation and in day-to-day business we act with integrity in dealings with our business partners, employees, shareholders and the public at large. We seek an open and wide-ranging dialogue with our stakeholders. Their trust is a vital prerequisite for our entrepreneurial success.

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 risk return. In accordance with our Sustainability Strategy this is done by incorporating environmental, social and governance criteria (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. We always want to be perceived as an attractive em-

ployer by both existing staff and potential new recruits alike. Special attention is paid to the skills enhancement and further development of our workforce. With this in mind, we offer our employees the best possible framework conditions and foster both their professional and personal growth.

The physical and mental well-being of our employees is an essential prerequisite for the sustainable development of our business and for safeguarding our high quality standards. Our company physician advises our 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. We have therefore made a worldwide commitment to these issues.

The supply of energy and heat to our premises and the business travel that we undertake give rise to CO₂ emissions. The focus of our environmental conservation efforts is on reducing these emissions. 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. When it comes to choosing products and selecting suppliers, we pay close attention to compliance with social and environmental standards.

Our social involvement extends beyond our Home Office in Hannover to include our international 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

Our major sustainability issues can influence the Group'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 external consulting, we identified relevant topics 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 Environmental, Social and Governance ratings (ESG ratings) and UN initiatives are of special relevance to us. In 2015 we therefore expanded our list of material issues accordingly. Even though our company's environmental impacts are comparatively minor, we also include them – along with social concerns – in our considerations.

Subsequent clustering then adds to the clarity of differentiation between the selected topics and helps to avoid duplications. In this way, we have identified 15 material sustainability issues that are set out accordingly in the Sustainability Report:

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

In the context of the materiality analysis we also identified nine material issues in the area of financial performance. These are covered by

the Group strategy. We report extensively on the progress of goal achievement in the Annual Report 2016.

More information on the topic at

 Value-based management

 AR 2016: 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 since 2015
Compliance	
Goal: Expansion of compliance concepts and guidelines in relation to specific topics	
<ul style="list-style-type: none"> Extension of compliance requirements in IT 	This is an ongoing measure.
<ul style="list-style-type: none"> Expansion of the international compliance network 	Each year we organise a European Compliance Officer Meeting and additionally hold three teleconferences within this body on an annual basis. Furthermore, a review of the compliance requirements under Solvency II was conducted.
Responsible, value-based enterprise management	
Goal: Value creation for our shareholders	
<ul style="list-style-type: none"> Our goals and performance indicators for value-based enterprise management are set out as part of our Group strategy. 	For further information see the section > Value-based management of the Annual Report.
Goal: Attractive investment for sustainability-minded investor groups	
<ul style="list-style-type: none"> 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 	A regular, active dialogue is conducted with rating agencies. In 2016 we were again listed in the FTSE4Good Index and retained the "Prime" rating from oekom research.
<ul style="list-style-type: none"> Enlarge on rating-specific sustainability topics 	In the context of the online Sustainability Report 2016 we have been more responsive to the information requirements of rating agencies and included various additions, for example on topics such as reinsurance solutions.

Goals and measures	Contribution to goal achievement since 2015
Transparency and Disclosure	
Goal: Expansion of reporting on sustainability issues	
<ul style="list-style-type: none"> Changeover to GRI G4 reporting, in accordance with the "Core" option. 	The changeover was completed in 2016 with the compilation of the Sustainability Report for the 2015 financial year. The present Sustainability Report has similarly been drawn up in accordance with the GRI G4 Guidelines, "Core" option.
<ul style="list-style-type: none"> Bringing forward of the publication date of the Sustainability Report 	This is an ongoing measure.
<ul style="list-style-type: none"> Setting up of a sustainability competence team and appointment of a sustainability officer 	The interdisciplinary working group has been set up and meets several times a year to reconcile strategic goals and measures and also at shorter intervals in sometimes smaller constellations depending on matters at hand.
<ul style="list-style-type: none"> Expansion of the sustainability information provided on the website 	This is an ongoing measure.
<ul style="list-style-type: none"> Extension of Environmental, Social and Governance data (ESG data) collection to include the Group's international locations 	This is an ongoing measure.
<ul style="list-style-type: none"> Group-wide recording of sustainability projects 	This is an ongoing measure.
Goal: Purposeful stakeholder dialogue	
<ul style="list-style-type: none"> 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 	In November 2016 we participated in an SRI conference. A regular dialogue takes place with SRI investors and rating agencies.
<ul style="list-style-type: none"> Compilation of a fact sheet on sustainability at our company 	This is an ongoing measure.

II. Product Responsibility

Goals and measures	Contribution to goal achievement since 2015
Customer orientation / satisfaction	
Goal: Step up our dialogue with customers	
<ul style="list-style-type: none"> Expand avenues for international dialogue 	<p>Our "Building Bridges" seminar series in the Property & Casualty reinsurance business group serves to intensify customer relationships and is regularly expanded to cover current issues.</p> <p>In 2016 our subsidiary E+S Rück held a specialist conference on "Autonomous driving: Legal framework and liability obstacles" for its customers in the German-speaking, Italian and US markets. In the Life & Health reinsurance business group the "ReCent Medical News" newsletter has been an established fixture for some years now, providing insights into medical research findings, case studies and underwriting methods.</p> <p>Multiple customer surveys have been carried out since 2015 (Australia, Italy and worldwide). Work has begun on implementation of our own CRM (Customer Relationship Management) application "CoRe".</p>
Sustainable insurance solutions	
Goal: Development and expansion of "sustainable" products	
<ul style="list-style-type: none"> Closer cooperation with primary insurers to develop and expand sustainable products Development of products that promote, for example, renewable energies 	<p>Cooperation with primary insurers in Pakistan, the Philippines, Indonesia and India is being steadily expanded in the growing market for microinsurance products.</p> <p>We encourage the expansion of products relevant to climate change, such as weather insurance and covers for energy-saving warranties, to additional European countries.</p> <p>Index-based disaster finance concepts have been developed for countries in South America and Asia that guarantee prompt financial aid in the event of a natural disaster.</p>
<ul style="list-style-type: none"> Further expansion of microinsurance products 	<p>In India we play an active part in the expansion of microinsurance solutions and reinsure a growing business volume there. We also work together with primary insurance partners in markets such as Pakistan, the Philippines and Indonesia to provide suitable microinsurance products for the market. In Malaysia we are supporting an initiative intended to expand state-subsidised insurance covers against accident and disability risks.</p>
<ul style="list-style-type: none"> Expansion of the dialogue on emerging risks 	<p>This is an ongoing measure.</p>
ESG criteria in asset management	
Goal: Extension of ESG guidelines for asset management	
<ul style="list-style-type: none"> Signing of the UN Principles for Responsible Investment (PRI) to be reviewed 	<p>This is an ongoing measure.</p>
<ul style="list-style-type: none"> Refinement of the ESG Investment Policy incl. development of positive screening 	<p>The existing ESG Investment Policy has already been refined and supplemented with a best-in-class investment approach, including positive screening. Practical implementation of this measure is pursued jointly with the asset management team. The goal is to have integrated positive screening into the investment processes by the end of 2017.</p>
<ul style="list-style-type: none"> Appointment of an ESG officer on the Investment Team 	<p>In April 2015 we appointed an ESG officer on the Investment Team.</p>

III. Employees

Goals and measures	Contribution to goal achievement since 2015
Health management	
Goal: Preserve and restore the performance capability of our staff	
<ul style="list-style-type: none"> Continuation of existing health programmes / check-ups 	In 2016 we held our first "Wellness Day", offering employees at the Hannover location a wide-ranging programme on health and prevention topics. As a result, we rolled out an additional training concept addressing relaxation skills.
<ul style="list-style-type: none"> Development of a counselling service for professional and personal crises (Employee Assistance Programme at the Hannover location) 	Since August 2016 we have made an external and – if so desired – anonymous telephone counselling service available to our staff and managers at the Hannover location.
<ul style="list-style-type: none"> Implementation of Occupational Integration Management for employees returning after illness 	Elaboration took place in a dedicated working group. Discussions and consultations with the Employee Council were continued.
<ul style="list-style-type: none"> Continuation of the offered family services 	Under the Employee Assistance Programme (EAP), family members of our staff and managers also have the opportunity to make use of the available services.
Employee development / Employee advancement	
Goal: Expansion of further training measures for specialist and executive staff	
<ul style="list-style-type: none"> Continuation and internationalisation of the executive development programme 	This is an ongoing measure.
<ul style="list-style-type: none"> Expansion of the training programme, e. g. through blended learning 	In 2015 the HannoverReAcademy was rolled out at the Hannover location learning management system. Our training programme is constantly reviewed with an eye to its orientation and quality.
<ul style="list-style-type: none"> Internationalisation of the surveys on employee satisfaction 	A worldwide employee survey was conducted in 2015 / 2016. Individual measures were explored in the year under review in various areas of the company and, where appropriate, implemented.
Diversity	
Goal: Promoting diversity and a work / life balance	
<ul style="list-style-type: none"> Continuation of the mentoring programme for female employees with the aim of increasing the proportion of women in management positions 	The first round of the programme was completed in the year under review. Informational events for a new implementation round were held at the end of 2016 and the internal application process was set in motion. As a result, the next round of the mentoring programme got underway in March 2017.
<ul style="list-style-type: none"> Training / awareness-raising of executives 	An executive seminar was held on "Gender-specific communication". This is an integral component of our (further) training programme for managers that was continued in 2016.
<ul style="list-style-type: none"> Expansion of the care services provided for employees' children at the company's infant daycare centre 	30 places are currently available. The childcare support on offer is expanded as necessary; in 2016 there was no additional requirement.

IV. Environment and Society

Goals and measures	Contribution to goal achievement since 2015
Environmental protection	
Goal: Ongoing reduction of CO2 emissions as well as carbon neutrality at the Hannover location by 2015	
<ul style="list-style-type: none"> Recertification according to ISO 14001 at Hannover location 	<p>Recertification was completed in November 2015. Our environmental certificate is thus valid for a further 3 years. In 2016 we had additional validation carried out as per the EMAS III Directive and from now on we shall publish a validated EMAS III environmental statement on an annual basis.</p>
<ul style="list-style-type: none"> Progressive worldwide rollout of the transition to renewable energies 	<p>This is an ongoing measure.</p>
<ul style="list-style-type: none"> Staff training in environmental protection 	<p>This has hitherto been carried out annually through online training for all staff at the Hannover location. The concept is currently under review and will be revised as necessary.</p>
<ul style="list-style-type: none"> Creation of an international network of Hannover Re environmental managers 	<p>This is an ongoing measure.</p>
<ul style="list-style-type: none"> Extension of environmental data collection to include the Group's international locations 	<p>This is an ongoing measure.</p>
Supplier management	
Goal: 100% of relevant suppliers are measured by environmental and social standards	
<ul style="list-style-type: none"> Clustering of (groups of) suppliers into ESG risk categories 	<p>Clustering is complete. Suppliers evaluated critically in an ESG risk category are blacklisted and no further orders are placed with them.</p>
<ul style="list-style-type: none"> Ongoing selection and evaluation of suppliers according to environmental and social standards 	<p>All major new suppliers for the Hannover location are reviewed with the aid of our established procedure for self-reporting. We require our suppliers to comply with our Code of Conduct for Suppliers.</p>
<ul style="list-style-type: none"> Adoption of supplier evaluation in all areas of the company at Hannover Home Office 	<p>All major suppliers for the Hannover location are regularly reviewed with the aid of our established procedure for self-reporting. Suppliers evaluated critically are blacklisted and no further orders are placed with them.</p>
<ul style="list-style-type: none"> Green IT: Development of IT purchasing guidelines and minimum standards 	<p>This is an ongoing measure.</p>
Social commitment	
Goal: Group-wide coordinated guidelines and recording of social activities	
<ul style="list-style-type: none"> Review and as necessary refine uniform Group-wide guidelines for donations and sponsorship ("Social Activity Guidelines") 	<p>Our internal Donations Guideline ensures that our social activities primarily benefit the common good.</p>
<ul style="list-style-type: none"> Group-wide recording of donations and sponsorship activities 	<p>This is an ongoing measure.</p>

More information on the topic at

 Website: Sustainability Strategy

Sustainability management

Responsibility for the topic of sustainability rests with our 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, our sustainable value creation is ensured by a comprehensive risk management system with appropriate reporting structures.

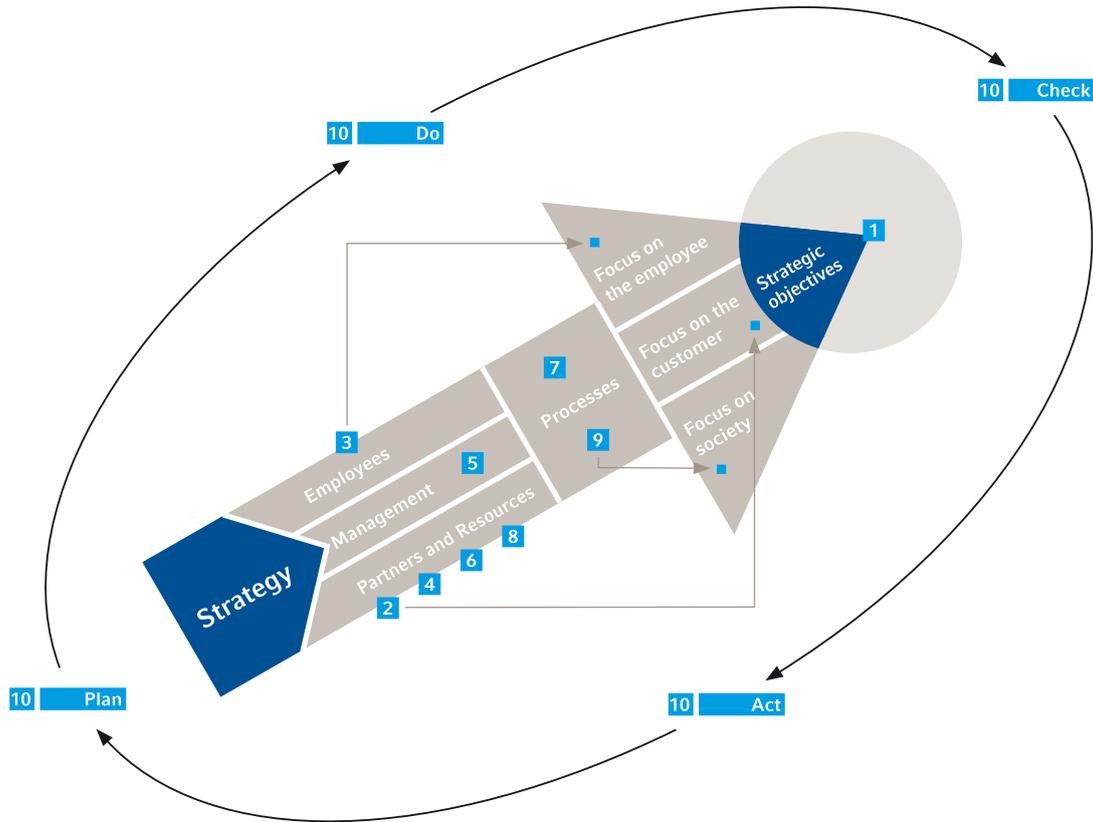
In our business operations we not only comply with applicable laws but are also guided by voluntary guidelines such as our Code of Conduct, which was revised in 2017 and is applicable Group-wide. We take our lead from the guidelines of the ILO and the principles of the UN Global Compact, most importantly 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.

An interdisciplinary working group at the Hannover location takes responsibility for preparing our strategic orientation in matters of sustainability and for defining appropriate operational measures. Comprised of representatives from various specialist departments, it meets annually for the strategy review and on a case-by-case basis in various

constellations depending on the tasks to be dealt with. It is incumbent on each member to advance 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 defines its own contribution to the Group Strategy and hence to the sustainable development of the company 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 we pursue and the contributions that organisational units are expected to make to individual goals and areas of topical emphasis. Our sustainability goals and measures are also embedded in the Strategy Guide. In this way, we ensure that all initiatives and activities within our company are rigorously linked to the Group Strategy and the 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 by the responsible department takes place on a regular basis.

Performance Excellence



Management approaches to specific topics in the areas of "Governance and Dialogue", "Product Responsibility", "Employees" and "Environment and Society" are discussed in the relevant chapter.

More information on the topic at

- [Product responsibility](#)
- [Employees](#)
- [Environment and Society](#)
- [Value-based management](#)
- [GRI-Index](#)
- [Governance and Dialogue](#)

Governance and Dialogue

Given that the trust of our stakeholders and an immaculate reputation are prerequisites for the success of our company, we make every effort to cultivate an active dialogue with our customers, employees, representatives of the capital market and society as a whole. In the context of numerous initiatives we play an active part in sharing knowledge with our stakeholders. In May 2017 our Chief Executive Officer took over again as chair of the Reinsurance Advisory Board. The goal is to support and maintain a stable, innovative and competitive market climate in the reinsurance industry.



Governance and Dialogue

As an internationally operating company, we bear responsibility in various senses. This is true of our compliance with relevant laws and regulations, but also applies to our relationship with our staff, shareholders, the public at large and the cultures within which we operate. We publish an annual Declaration of Conformity with the German Corporate Governance Code (DCKG). In this context, we continuously track and review amendments made to this Code. Compliance with our high ethical and legal standards is also enshrined in our Code of Conduct.

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 our staff informed about relevant regulations.

Our group-wide risk management is vital to the long-term success of our company. It encompasses the early detection, assessment and scrutiny of risks. Through established structures and responsibilities

we ensure comprehensive evaluation of the risks that we intend to take on.

Given that the trust of our stakeholders and an immaculate reputation are prerequisites for the success of our company, we 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 2016 we are 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) G4 and the transparency requirements of Environmental, Social and Governance rating agencies (ESG rating agencies). In 2016 our sustainability performance was once again evaluated by the rating agency oekom Research; we were awarded "Prime" status in recognition of our above-average fulfilment of industry-specific requirements. In addition, in June 2016 we received confirmation of our inclusion in the worldwide FTSE4Good Index Series from the FTSE Environmental, Social and Governance Advisory Committee.

More information on the topic at

-  [AR 2016: Corporate Governance](#)
-  [AR 2016: Compliance](#)
-  [AR 2016: Opportunity and risk report](#)
-  [Website: Philosophy Hannover Re](#)

Responsible enterprise management

We embody state-of-the-art corporate governance as a matter of course. In addition to constant engagement with changing legal framework conditions, we provide an annual Declaration of Conformity with the German Corporate Governance Code that can be accessed on our website. We regularly update the Corporate Governance Principles of Hannover Rück SE, track and review changes to the German Corporate Governance Code and with few exceptions we comply with the recommendations of the currently valid version of the Code as amended. We explain the reasons for divergences from the German Corporate Governance Code.

Our actions worldwide are guided by high ethical and legal standards, which we have defined in our Code of Conduct and can be viewed on our website.

As a listed European joint-stock company (SE) based in Hannover, we are subject to SE-specific laws, 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 2016: Declaration on Corporate Governance](#)
-  [Website: Corporate Governance](#)
-  [Website: Declaration of Conformity](#)
-  [AR 2016: Remuneration report](#)
-  [Website: Compliance](#)

Management structure

As an European Company (Societas Europaea – SE) based in Hannover, the formal structure of our corporate governance is determined by national law. The fundamental hallmarks are the 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 our company. 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

Our Executive Board 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. We have set ourselves a target of zero for the quota of women on the Executive Board by 30 June 2017. This is because the Executive Board is currently comprised exclusively of men and all existing Board contracts are valid beyond 30 June 2017. When appointing 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

Our Supervisory Board 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. In addition, in its current composition

the Supervisory Board also fulfils the requirements of the German Corporate Governance Code with regard to independence.

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.

When it comes to selecting the shareholder candidates who are proposed to the General Meeting for election to the Supervisory Board, the Supervisory Board takes care to ensure that the individuals in question have the necessary knowledge, abilities and specialist experience. The anticipated time that can be invested in 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, the Supervisory Board has therefore determined that it will achieve a target quota of 30% for women on the Supervisory Board by 30 June 2017. This target had already been fulfilled by the end of 2016 with a proportion of 33%.

Training activities are held as necessary in order to further enhance the expertise of the Supervisory Board, including for example 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 already extensively safeguarded by 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

Our stakeholders have the opportunity to report critical issues to the company's highest governance body. Within the framework of our 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.

Our shareholders 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 participation of our employees in decision-making processes within the company is ensured by their right to have a say through the SE-Employee Councils, the joint German Employee Council of Hannover Rück SE, E+S Rückversicherung AG and International Insurance Company of Hannover SE as well as through the three employee representatives on the Supervisory Board elected by this joint Employee Council.

More information on the topic at

-  AR 2016: Working practice of the Executive Board and Supervisory Board
-  AR 2016: Further enterprise management principles
-  Website: Executive Board
-  Website: Supervisory Board
-  AR 2016: Report of the Supervisory Board
-  AR 2016: Supervisory Board Members

Corporate Governance Code

Since 2003 we have provided an annual Declaration of Conformity with the German Corporate Governance Code (DCGK) which is published on our website and can be reviewed in the Annual Report. Furthermore, our Corporate Governance Principles are regularly revised and reflect the recommendations of the Code as amended.

As an instrument of self-regulation for the business world, the applicable version of the German Corporate Governance Code for 2016 dating 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.

Our positive attitude towards the Code is not contradicted by the fact that in the year under review we 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).

More information on the topic at

-  AR 2016: Declaration on Corporate Governance
-  Website: Corporate Governance
-  Website: Declaration of Conformity

Remuneration and performance review

The correlation between the performance of our company and the remuneration of our Executive Board 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 the attainment of individual set targets and targets relating to company performance indicators (return on equity). 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. We draw upon the services of an external independent 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 we also follow a procedure at regular intervals 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 2016.

More information on the topic at

 [AR 2016: Remuneration report](#)

 [Website: Executive Board](#)

 [Website: Supervisory Board](#)

Compliance

Integrity in dealings with our business partners, shareholders and the public at large is a matter of particular concern for us. 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 revised and adopted by the Executive Board in May 2017, 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 our company. 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 regulations pursuant to the German Federal Data Protection Act.

With the aid of our Tax Guideline, which is applicable Group-wide, and a "Tax Compliance System", which is currently under development, as well as the associated review of all relevant task areas,

processes and responsibilities, we ensure that going forward, as in the past, the tax claims arising out of our international operations are met in accordance with applicable national legal requirements.

We have defined in our Code of Conduct and Underwriting Guidelines the processes by means of which we observe sanctions that are relevant to our company. Furthermore, a compliance management system for sanctions, verification software, a Sanctions Screening Guideline and training activities for new staff facilitate the early identification and hence avoidance of any sanctions violations.

Since June 2012 our DIN ISO 14001-certified environmental management system has been in place to protect the environment. In 2015 we also transitioned to the more comprehensive environmental management system EMAS (Eco-Management and Audit Scheme). We publish the annual EMAS III environmental statement on our website; the statement for the 2016 financial year can already be viewed there.

An internal Donations Policy applicable to our Group worldwide makes it clear that through our social engagement we seek primarily to benefit the common good.

More information on the topic at

-  [Environment and Society](#)
-  [AR 2016: Compliance](#)
-  [Website: Environmental management](#)
-  [EMAS environmental statement](#)

Code of Conduct

Along with the Group Strategy and Corporate Governance Principles, our Code of Conduct sets out rules for how all our employees are to behave with integrity and is intended to help them cope with ethical and legal challenges in their daily work. These rules 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 when it comes to the demeanour, actions and behaviour of every one of us.

Since mid-2012 our Code of Conduct for Suppliers has also been in effect 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 Facility Management and IT are also progressively checked for fulfilment of the Code of Conduct as part of an ongoing process. In 2017 the Code of Conduct for Suppliers was revised against the backdrop of the new legal requirements associated with the UK Modern Slavery Act; the updated

version was approved by the Executive Board on 29 June and published on our website. Furthermore, we have explicitly committed to respecting and observing human rights concerns, such as equal treatment and anti-discrimination, and we also require this from our suppliers.

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 Facility 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. As a next step, we plan to extend this approach to our international offices in the United Kingdom and Ireland, followed progressively by our locations around the world.

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. Our compliance structure was therefore most recently reviewed in 2015 against the backdrop of compliance requirements associated with Solvency II. In the 2016 reporting year we updated our Corporate Compliance Organisational Manual (known as the Compliance Manual). This manual summarises the main activities in the area of corporate compliance. It also describes the responsibilities within our company, the interfaces between GLS-Compliance and other areas as well as the various components of the compliance organisation.

The Chief Compliance Officer and the Compliance Department inform employees about changes in laws insofar as they affect their work. A worldwide compliance network of responsible compliance officers at the international locations supports the Chief Compliance Officer in his duties and reports to him. This means that local compliance violations can also be reported directly outside the local hierarchy. The Executive Board is updated on major compliance issues and developments in a report compiled annually by the Chief Compliance Officer.

In the year under review we updated the guideline with respect to obtaining legal advice. This guideline is intended to set out for those of our employees who have contacts in general legal matters – such as the purchasing of services of all kinds, in connection with official proceedings or in case of legal disputes – a concrete and binding scope of action with respect to seeking legal advice and, in particular, to stipulate those instances in which such legal advice must be sought.

With a view to improving cooperation within the compliance network on the European level, we organise 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 Department is complemented by several 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 certain reinsurance 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 including for example Group Auditing. A Web-based whistleblower system has also been set up for the Group companies so as to enable employees, customers and third parties to report – anonymously if they so wish – 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 one tip was received through the Group-wide whistleblower system regarding alleged wrongdoing. Based on the investigations conducted to date, however, no indications have been found of wrongdoing on the part of the employees and companies involved in the incident. Employees throughout the Group are able to seek advice on compliance matters through an e-mail address linked to the Compliance Department.

Anti-corruption training

Our new members of staff 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 the year under review three training activities were held for altogether 69 employees. In order to stay updated on compliance issues such as combating corruption, we use traditional communication channels such as intranet portals and online newsletters. Important information of company-wide relevance is made available to the workforce in the intranet.

Compliance Report

The Compliance Report for the 2016 calendar year was submitted to the Finance and Audit Committee in March 2017. The report describes the structure and wide-ranging activities of our company in this connection. The findings of the separate data privacy reporting for the 2016 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, ten compliance-related incidents were reported. After extensive examination of these

incidents the necessary precautions were taken in order to ensure for the future that we are in conformity with the internal and external requirements governing our business operations. As a consequence of the incidents, we took a number of internal compliance and audit steps so as to improve the internal control system on the local level and at the interface between Home Office and branch.

Our annual 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.

More information on the topic at

-  [Supplier management](#)
-  [Organisation and process of risk management](#)
-  [AR 2016: Compliance](#)

Legal framework

Our Group Legal department continuously monitors and assesses requirements arising out of the applicable legal framework, and it evaluates legally relevant changes and their implications for internal processes and policies. Ongoing legal monitoring is carried out for particularly relevant compliance issues by various specialist departments.

The Act for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, which had already entered into force in 2015, constituted a significant change in the legal framework affecting environmental or social aspects in the year under review. In accordance with the Act for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, the Supervisory Board of the company was required by 30 September 2015 to define a target quota for women on the company's Supervisory Board and Executive Board in the period until 30 June 2017. After extensive deliberations the Supervisory Board decided, in due consideration of the term of office of the Supervisory Board and the current mandates and contracts of service of the members of the Executive Board, to define within the specified period – without prejudice to possible decisions to the contrary that may be taken as warranted when the time comes – a target quota for women on the Supervisory Board of 30% and an anticipated continued quota of zero for the Executive Board. Should events result in the currently unforeseeable 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.

In addition, we monitored the development of the Act to Strengthen Companies' Non-Financial Reporting in their Management Reports and Group Management Reports (CSR Directive Implementation Act) and initiated appropriate measures for implementation of the law after its entry into force at the beginning of 2017.

Conduct of energy audits

By means of the Act on Partial Implementation of the European Energy Efficiency 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 III (Eco-Management and Audit Scheme), or have concrete plans to do so by the stipulated deadline. With this in mind we decided in 2015 to convert the 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 EMAS III environmental statement in the EMAS Register and on our website.

Tax framework

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

The tax expenditure of our company in the 2016 financial year was EUR 65.0 million lower than in the previous year at EUR 391.2 million (previous year: EUR 465.2 million). This change is largely attributable to the decrease in pre-tax profits compared to the previous year. In addition, unlike in the previous year there was no effect associated with a change in trade tax. The effective tax rate amounted to 24.2% (previous year: 27.3%).

In order to ensure that going forward, as in the past, we continue to file complete and correct tax returns on a timely basis despite the growing complexity of tax claims from our international operations, we are 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. In May 2017 our new Group Tax Guideline was adopted with this in mind.

More information on the topic at

 Website: EMAS

 AR 2016: Notes 7.5

Data privacy

Ensuring confidentiality, data privacy and data security is of the utmost importance to us. 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 established structures ensure that personal data is handled in conformity with all laws. In this regard, our Data Protection Officer assumes all functions, responsibilities and rights as set out according to the Federal Data Protection Act (BDSG). His tasks include, among others, working to ensure adherence to provisions governing data privacy, e.g. monitoring the proper use of 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. We are making intensive preparations for the entry into force effective May 2018 of the EU General Data Protection Regulation (GDPR). The GDPR is an important step towards a harmonised single European market and hence a consistent level of data protection Europe-wide.

No complaints were received about privacy breaches affecting personal 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 pursuant to § 42a BDSG.

More information on the topic at

 Website: Compliance

Sanctions

Observance of applicable sanctions regulations plays a central role for us on account of our international orientation. We have enshrined the requirement for compliance with relevant sanctions provisions in our 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 hence with whom no business may be transacted. In the year under review additional international 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 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.

The sanctions screening software identified one legal entity in the Group's data inventory in the year under review that is the subject of an assets freeze. In addition, another legal entity was identified in the Group's data inventory that was indirectly controlled by a so-called "listed entity". Steps were taken to prevent both the renewal of the treaties in question and a repetition of such occurrences. These incidents demonstrate 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 our company 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 the responsibility of Group Risk Management.

The parameters and decisions of the Executive Board with respect to the risk appetite of our 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.

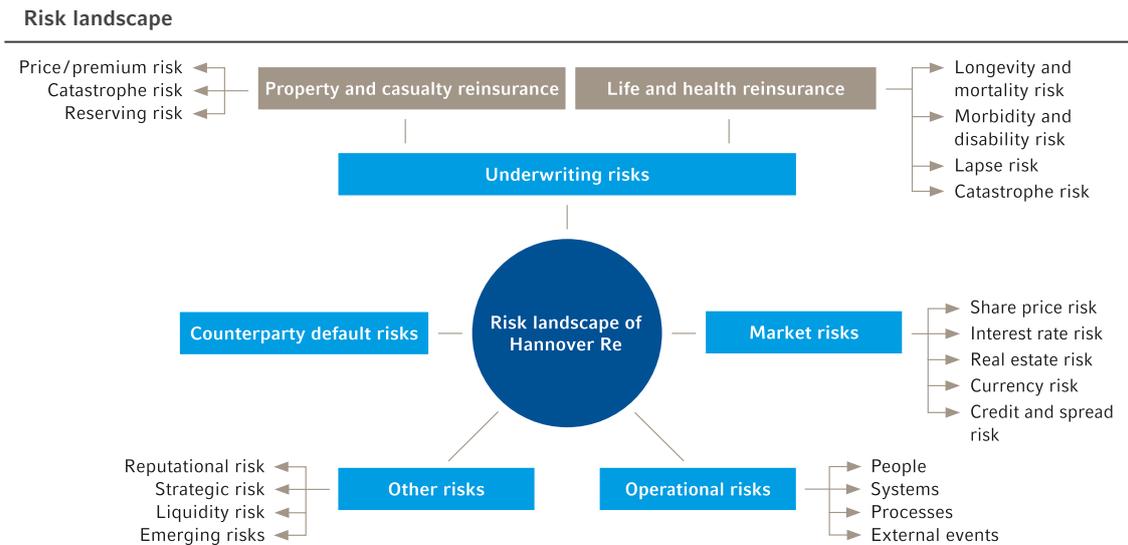
More information on the topic at

 [AR 2016: Opportunity and risk report](#)

Risk landscape

Our risk landscape 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, liquidity or emerging risks.



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 us 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 urbanisation as well as risks posed by increasing obesity in industrialised nations, 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 as a reinsurer. It is for this reason that our department specialising in the coverage of agricultural risks and the "Innovation Management" team work on products that can alleviate the financial impacts of climate change.

More information on the topic at

 AR 2016: Opportunity and risk report

Organisation and process of risk management

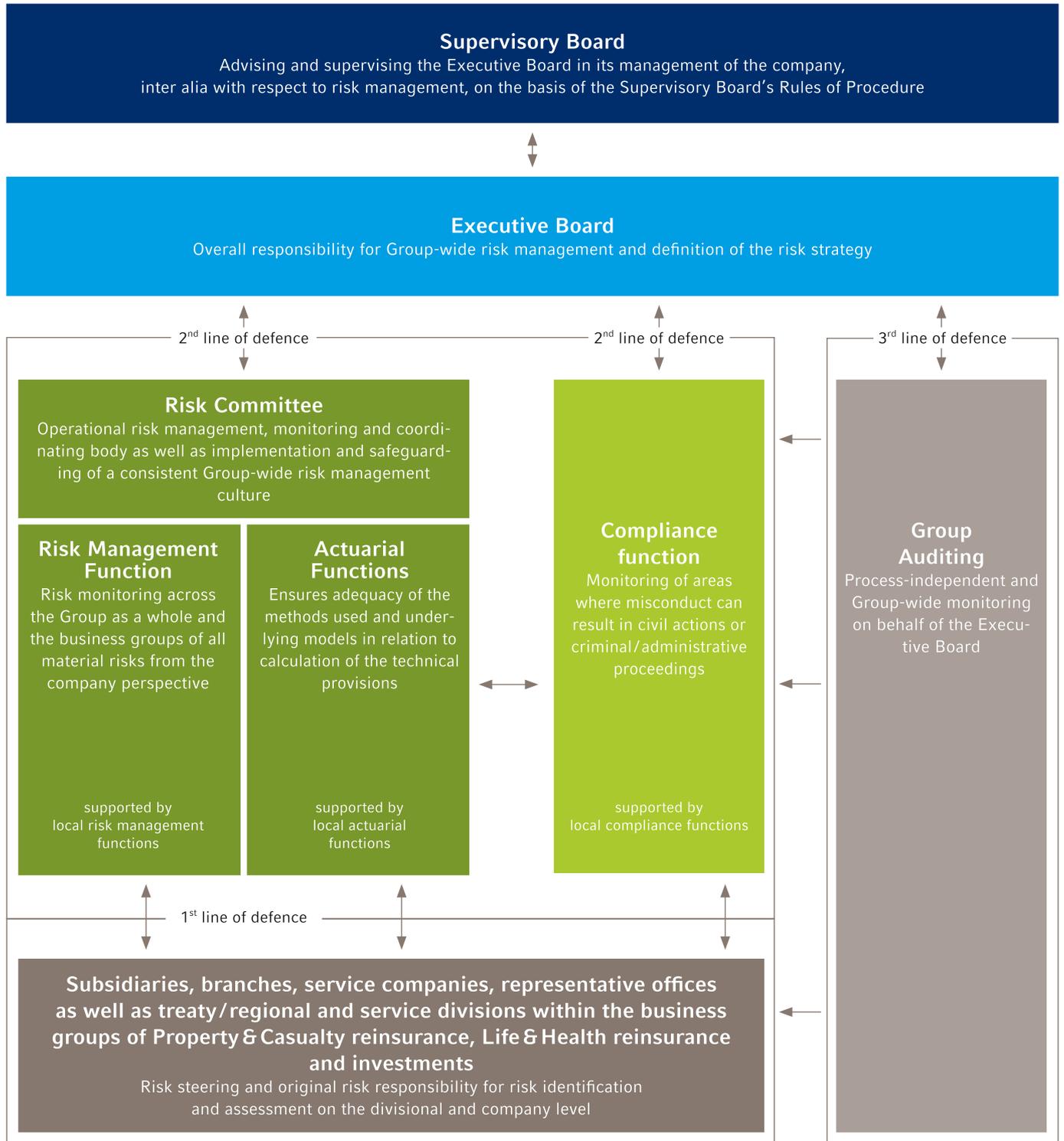
We have set up risk management functions and bodies Group-wide to safeguard an efficient risk management system. The organisation and interplay of the individual functions in risk management are crucial to our internal risk steering and control system. Responsibility for Group-wide risk management and 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 main tasks and powers:

Central functions of risk monitoring and steering



Sustainability risks and opportunities

For the purpose of early detection of emerging risks we have had in place for many years an efficient process that spans divisions and lines of business and we have 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 our Executive Board.

Key elements in our business opportunity management include the 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 – including in financial terms. The "Innovation Management" department has been set up especially for this purpose as part of the area "Regulatory Affairs & Innovation". 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 2016: 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 largely uniform supervisory practice in Europe. We were quick to begin preparing for the requirements of Solvency II, and we have long practised a risk-based, value-based management approach of the type called for under the supervisory regime of Solvency II. Our internal capitalisation targets comfortably exceed the regulatory requirements. Effective 1 January 2016 the new supervisory regime Solvency II entered into force. We fulfilled the far-reaching requirements with respect to capital adequacy, governance and reporting in a timely manner. Our internal capital model was approved by the Federal Financial Supervisory Authority (BaFin) in August 2015. We are also able to leverage the know-how that we gained in the development of this capital model for the design of individual reinsurance solutions for primary insurers.

Stakeholder dialogue

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

We maintain an open dialogue with our stakeholders and have made the further systematic expansion of dialogue channels a goal of our 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.

Our stakeholder universe was defined as part 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 us: our clients, our employees, the capital market, the public sector and non-governmental organisations (NGOs).

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 management. 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 wider international level. These include, among other things, the preparations for the Solvency II review process, the development of a global, risk-based group-wide capital standard for insurers and negotiations between the European Union and the United States for a bilateral agreement on prudential insurance and reinsurance measures. In this context we contribute our specialist expertise from business practice to the public debate.

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 our 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. Our stakeholders attach central significance to entrepreneurial responsibility with respect to economic aspects as well as product responsibility, including asset management. As part of our regular dialogue with our stakeholders we constantly encourage feedback on our activities and respond to emerging issues.

It is also important to pay attention to global concerns with an eye to the future. These are, for example, 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 the goals defined in our Sustainability Strategy 2015 – 2017 we are also continuing to expand the dialogue with Environmental, Social and Governance rating agencies (ESG rating agencies). Going forward, we intend to report at greater length on topics that have come up in discussions with rating agencies. These include, among other things, aspects of product responsibility, current research activities on ESG topics and products as well as cooperation with primary insurers on the management of ESG issues.

Since 2014 we have been listed in the FTSE4Good, a worldwide index series geared to sustainability ratings according to ESG criteria. Based on our published GRI Report, we were also evaluated in the year under review by the rating agency oekom research AG with an eye to our sustainability performance and – in recognition of our above-average fulfilment of the sector-specific requirements – we were again

awarded "Prime" status. Furthermore, we were evaluated by the ESG rating agencies Robeco SAM, Sustainalytics, Vigeo, MSCI and Sustainability Intelligence. We engage in a continuous dialogue on rating-specific sustainability issues as part of the annual rating processes. Additionally, we were included in the Global Challenges Index for the first time in the year under review and are listed in major STOXX indices.

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 our company. 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

A worldwide employee survey was conducted in 2015 / 2016. 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 the insights of the survey, individual measures were explored in the year under review in various areas of the company and, where appropriate, implemented.

More information on the topic at

-  Website: Ratings
-  AR 2016: International employee survey
-  Website: ReCent Medical News

Advocacy groups and memberships

Together with our stakeholders, we take 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, we have undertaken to emit 40% less harmful greenhouse gases by 2020 than in the base year of 1990. Our emissions have been regularly checked every two years since 2011 in the context of this project.

Under the "Climate Alliance Hannover 2020" we additionally participate in the Business Strategy Group of the "Master Plan 2050 for the City and Region of Hannover, 100% for Climate Protection".

Since 2007 we have 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 publicised in the relevant project publications.

On the international level our Chief Executive Officer added his signature to the Geneva Association's "Climate Risk Statement" in 2009. In

May 2014 our 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 innovation, climate research and investment. We are 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 Organization (ILO).

International memberships

We are a member of numerous regional, national and global associations, interest groups and organisations. Our employees participate in working groups on various topics and contribute their specialist expertise to relevant discussions.

Among other things, we are a member of the Reinsurance Advisory Board (RAB), which has been registered since July 2015 in the EU Transparency Register. Our CEO took over again as chair of the RAB for a two-year term commencing in May 2017.

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

- American Council of Life Insurers (www.acli.com)
- Chief Risk Officer Forum (www.thecroforum.org)
- Dublin International Insurance & Management Association (www.dima.ie)
- EIOPA WG-CATSTREAM (www.eiopa.europa.eu)
- German Insurance Association (www.gdv.de)
- Geneva Association (www.genevaassociation.org)
- Global Earthquake Model (www.globalquakemodel.org)
- Global Reinsurance Forum (www.grf.info)
- Insurance Association of China (www.iachina.cn)
- International Actuarial Association (www.actuaries.org)
- International Insurance Society (www.internationalinsurance.org)
- International Underwriting Association of London (www.iua.co.uk)
- OASIS (www.oasislmf.org)
- Reinsurance Advisory Board of the Insurance Europe federation (www.insuranceeurope.eu)
- South African Insurance Association (www.saia.co.za)

More information on the topic at

-  Emissions
-  Website: Investor Relations
-  Website: Product responsibility
-  Website: Ecoprofit
-  Website: Geneva Association
-  Website: United Nations
-  Website: International Labour Organization
-  Website: Climate Alliance Hannover 2020

A helicopter is shown in flight at the top of the image, dropping a bucket of water into a forest fire below. The forest is filled with smoke and flames, with several trees visible. The helicopter is white with red and black accents. The background is a hazy, smoke-filled forest.

Product responsibility

The devastating forest fires in the Canadian province of Alberta destroyed some 200,000 hectares of forest in 2016. Physical injuries were avoided thanks to evacuation measures, but several thousand buildings burned to the ground. Every year forest fires claim lives and destroy valuable habitat around the world. By offering preferential terms for coverage of forestry and agricultural operations that use state-of-the-art technologies for early detection of forest fires, we work together with primary insurers to incentivise their wider use and are thus able to play a preventive role in reducing the damage caused by forest fires.

Product responsibility

We transact 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. The ethical and moral standards that we set for our own actions also make themselves felt in our products and services and in our dealings with customers.

In our Sustainability Strategy 2015 – 2017 we set ourselves targets for the sustainable design of our products and services as well. In 2015 we already took the first steps towards achievement of these goals: in the growing microinsurance market we intensified our 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, and we are extending the energy saving warranty solutions available in Germany 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. We pressed ahead with these activities in 2016 and transferred them to other countries where possible. For example, we also support initiatives in Malaysia, where government-assisted insurance covers for accident and disability risks are to be expanded.

In designing our range of products and services we apply insights gained from our research activities on topics such as the turnaround in German energy policy, climate change, new mobility and shifting demographics in order to be able to identify emerging risks and devise specific insurance solutions at an early stage. A Group-wide risk management system enables us to maintain a dedicated focus on our potential risks. Social and environmental risks are similarly taken into account in this context. 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 insurance solutions, our investments are also part of our focus on sustainable product responsibility. Our investment policy is geared to the generation of stable and risk-commensurate returns while at the same time safeguarding liquidity and solvency at all times. In addition, we incorporate Environmental, Social and Governance criteria (ESG criteria) into our investment policy. In the current financial year we have devoted special effort to the implementation of our best-in-class investment approach. A designated ESG officer on the investment team ensures that ESG criteria are developed and applied and that the policy is followed.

We are engaged primarily in business-to-business activities and maintain close contacts with our customers – either directly through our 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 findings with a bearing on insurance and the "Building Bridges" seminar concept for property and casualty reinsurance. In the context of our company's drive towards digitalisation we are currently working on the development of a digital platform on the life insurance side. This involves a B2B platform, through which we envisage it will be possible not only for us to sell own reinsurance solutions and services but also, going forward, for third-party providers to offer their own innovative insurance products. The platform is currently still in the test phase and has so far only been used for purposes of internal information exchange.

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 accomplishments.

More information on the topic at

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

Risk expertise

In the context of our business operations we enter into a broad range of risks, which we manage in order to be able to act on the associated opportunities. The parameters and decisions of the Executive Board with respect to the company's risk appetite, which are based on the calculations of risk-bearing capacity, are fundamental to the acceptance of risks. In this context crucial importance attaches to our system of risk management, in which roles are unambiguously assigned and tasks and reporting channels clearly defined and documented in guidelines. This makes possible a common understanding Group-wide of the holistic monitoring and steering of all material risks in order to ensure that they remain calculable for the reinsurance portfolio and hence also that exceptional major losses do not have an unduly adverse impact on Group net income.

Social and environmental risks are always considered in this context as well. At the present time our most significant risks are the default and spread risks within the (capital) market risks, the reserving and catastrophe risks within the underwriting risks of property and casualty reinsurance and the risk of changes in mortality within the underwriting risks of life and health reinsurance. In this respect, mortality risks have varying implications for our life and health reinsurance business. While annuity Portfolios are, as a general principle, adversely impacted by improvements in mortality, the effects for death benefit portfolios are inversely positive. In the area of other risks we pay particular attention to emerging risks. The hallmark of such risks is that their content cannot as yet be reliably assessed. It is vital to detect and evaluate these risks at an early stage. A separate working group of specialists spanning divisions and lines of business is therefore deployed Group-wide and its linkage to risk management is ensured. The members of this working group on "Emerging Risks and Scientific Affairs" analyse, for example, risks associated with possible climate change. Global warming would, for instance, affect not only natural perils, but also human health, the world economy, the agricul-

tural sector and much more besides. Further examples of emerging risks include technology risks, shortage of resources and supply chain risks. On these and other topics the working group formulates internal position papers and makes recommendations regarding their handling in reinsurance practice. Within the working group the trend radar continuously tracks long-term and mega-trends and explores whether the latest trends, such as the sharing economy, may also give rise to emerging risks. In addition, we cultivate a dialogue with other globally operating risk managers. This dialogue encompasses, among others, universities, other reinsurers, customers, political actors and industry associations such as the Geneva Association, the OASIS Initiative and the German Insurance Association (GDV). At an industry gathering of the Geneva Association in 2015, for example, our Chief Executive Officer led an expert discussion on the challenges posed by pandemics. We also play a regular part in a Geneva Association working group 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 us in the risk assessment process and play a part in fostering public discourse. In our Sustainability Strategy 2015 – 2017 we set ourselves the goal of further expanding the dialogue on emerging risks.

On the life side we maintain expert networks covering various fields such as financial solutions and medical underwriting. Groups are formed within them for specific current issues, among whose members information is shared worldwide. The networks are composed of employees from our subsidiaries, branches and the Hannover location. Meetings are held regularly in the form of conference calls or on a face-to-face basis.

Our clients similarly benefit from our 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](#)
-  [Advocacy groups and memberships](#)
-  [AR 2016: Opportunity and risk report](#)

Risk behaviour

Our risk strategy 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. With our General Underwriting Guidelines and Special Underwriting Guidelines, which all underwriters are required to acknowledge and respect, we have at our disposal policies that substantiate our business decisions. Our underwriters receive regular training as required.

As a general principle, every identified risk that is considered to be material is evaluated quantitatively. 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 emerging and strategic risks as well as reputational risks.

Risk management is permanently integrated into our 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 2016: Opportunity and risk report](#)

Risk assessment

In property and casualty reinsurance we make a fundamental distinction for risk assessment purposes between risks that result from business operations of past years (reserve risk) and those stemming from activities in the current or future years (price / premium risk). In the latter case, special importance attaches to the catastrophe risk. Licensed scientific simulation models, supplemented by the expertise of our own specialist departments, are used to assess our material catastrophe risks from natural hazards (especially earthquake, windstorm and flood). Furthermore, we establish the risk to our portfolio from various scenarios in the form of probability distributions. The monitoring of the risks resulting from natural hazards is rounded out by realistic extreme loss scenarios. Biometric risks, i.e. all risks directly connected with the life of an insured person, are the material factors that need to be assessed in life and health reinsurance. The risks associated with assessment include, in particular, the miscalculation of mortality, life expectancy, morbidity and occupational disability. Furthermore, we must also evaluate the lapse risk because the cash flows resulting from the reinsurance treaties are in part dependent on lapse rates among policyholders. In addition, consideration must be given to catastrophe risks in life and health reinsurance as well, especially events involving a high number of fatalities. Emerging risks have direct implications for our treaty portfolio in both property & casualty and life & health business, not only in terms of the risks they may entail for the future (e.g. questions of liability) but also in the form of opportunities, such as increased demand for reinsurance products. Close coordination therefore takes place between our working group on "Emerging Risks and Scientific Affairs" and our 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. With a view to supporting this process of identifying measures, we have set up a committee that assists with the coordination and implementation of recommendations on emerging risks. In this way, we ensure that the recommendations of the working group are factored into underwriting decisions. The committee also takes responsibility for the fine-tuning of position papers and the assessment of newly emerging risks.

In addition, we evaluate trends and issues of the future (e.g. weather derivatives, shortage of resources, health market, cybercrime) and determine 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. In this context we also tackle the question of what new insurance products can be developed in order to protect against cyber risks. Cyber attacks on critical systems are becoming increasingly prevalent. Along with causing heavy financial losses, they can lead to considerable impairments in private and public life, especially if critical infrastructures such as the health, transportation and traffic or energy sectors are impacted. In

such instances supply shortages with long-lasting effects as well as significant problems affecting public safety may occur. We have already been present in the market for some years now and have developed appropriate products. Demand for cyber risk covers grew in the year under review as part of the progressive trend towards digitalisation. While the bulk of the worldwide insurance premium was still generated in the US, we are now seeing increasing interest in Europe as well.

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, our company draws on the insights of not only insurance specialists but also meteorologists, geographers, hydrologists and mathematicians as part of the risk assessment process. They evaluate the natural hazards and analyse their economic impacts on a global and 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. In the field of natural hazards modelling we also cooperate with universities and research institutions and provide financial assistance to appropriate initiatives. For example, our company has been a long-time supporter of the Geo Research Center in Potsdam and the Global Earthquake Model (GEM) Foundation, 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. Our natural hazards modelling unit sets standards for the management of natural catastrophe risks. We develop and license models for managing windstorm, flood, hail and earthquake risks and assure their quality. Since 2015, drawing on data from the Global Earthquake Model (GEM) Foundation, we have developed a probabilistic simulation model for the earthquake risk in Germany which has been successfully implemented in the business processes.

Furthermore, we participate in the German Insurance Association (GDV) project group "Flood information in ZÜRS". The goal is to publish a zoning system for flood, backwater and heavy rain (ZÜRS Geo). This system can enable policyholders to identify whether their residential property is located in a risk zone and to adjust their insurance coverage accordingly.

We are also represented on the Geneva Association working group "Extreme Events + Climate Risk Working Group". This working group seeks to identify the causes of social and economic risks and, in partic-

ular, to recommend actions to the insurance industry that will enable it to build economic resilience to extreme events and climate risks.

In cooperation with universities, research institutes and government organisations we are working to build an extensive knowledge base for the evaluation of climate risks. This digital library already encompasses more than 400 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 our company regularly attend conferences.

Services and applications

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

and conditions – even for individuals with an already impaired state of health.

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

We want to make available to our customers broad and individually tailored support that extends beyond pure risk assumption to include the successful provision of a diverse range of services. With "hr | ReFlex", for example, we offer our customers in life and health reinsurance a modular automated Underwriting system that facilitates quick and expert underwriting directly at the point of sale (e.g. over the counter at banks, during a telephone interview or online). In the field of medical underwriting we discuss topical and relevant medical issues through various channels, including our "ReCent Medical News" newsletter. 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 reinsurance solutions to other markets.

More information on the topic at

-  Risk management
-  AR 2016: Opportunity and risk report
-  Website: ReCent Medical News
-  Website: hr | Ascent
-  Website: hr | ReFlex

Sustainable insurance solutions

We transact all lines of property & casualty and life & health reinsurance worldwide. Our product range helps many people to access insurance protection. It is frequently only thanks to internationally operating reinsurers that Primary insurers are even in a position to cover large individual risks and risks associated with natural perils. Furthermore, we assist not only established but also young insurance companies with the cost-intensive acquisition of new business and with increasing insurance density. By delivering insurance solutions such as Microinsurance and agricultural insurance products we additionally contribute to social development in structurally deprived regions. These enable people with scant financial means to protect themselves 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 2016 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. Against this backdrop, for example, the InsuResilience initiative of the G7 nations launched at the instigation of the German federal government has set itself the goal of offering insurance protection against climate risks to 400 million poor and at-risk individuals in developing countries by the year 2020. The resulting increasingly widespread implementation of public-private partnerships presents new opportunities for our company to write profitable business in markets that have still to mature. The growing availability of new technologies, such as remote sensing by satellites, will enable us to further enlarge our scope of business through innovative insurance products.

Minimising adverse environmental effects is an important goal for our company. 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 China, for example, we support the crop insurance programme that is controlled and subsidised by the government. The use of nitrogen fertilisers was long considered in China to be an indispensable means of protecting the grain harvest. The new insurance solution has helped make it possible to avoid excessive use of nitrogen fertilisers and counteract the resulting groundwater pollution.

By supporting aquaculture insurance solutions in Norway, among other countries, we promote programmes for controlled breeding and avoidance of overfishing. In so doing, we play a part in the development of sustainable aquaculture systems.

In addition, we have made a commitment to the development of carbon sequestration by offering reinsurance solutions for forests in Australasia that serve to slow global warming through the long-term storage of CO₂. Not only that, in our coverage of forestry operations we give preferential treatment to those businesses that use state-of-the-art technologies for early detection of forest fires and are therefore able to act promptly to prevent the destruction of large wooded areas and the associated release of considerable quantities of carbon dioxide into the atmosphere.

We also offer reinsurance solutions for covering the construction and operation of offshore wind farms, thereby encouraging the development and use of renewable energy sources.

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 we cover the energy savings warranties given by energy service providers. Working together with "b2bProtect", we have also developed parametric weather insurance products for our customers that enable companies to protect themselves against financial 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 also 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 commercial customers to invest in energy-saving technologies and solutions through the guaranteed return on investment (RoI). Particularly in areas such as building control systems, LED installation and energy management, demand for this product is growing.

Through our activities in the Insurance-Linked Securities (ILS) sector we support work on index-based Disaster Finance concepts for countries in South America and Asia. Such solutions would enable these countries to access funds in a short space of time should a natural disaster occur. The money could then be used in an emergency 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, we are 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 health microinsurance products since entering the market. 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.

Through the online sale of life insurance products in Malaysia we are extending our reach to previously uninsured sections of society and offering coverage that delivers value for money while also being easy to buy. In so doing, we are helping to reduce social hardship among the population.

Furthermore, we support and promote holistic lifestyle insurance concepts that are geared towards insureds' healthy living and factor this accordingly into the pricing. The design and marketing of these insurance products is 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.

With our worldwide range of longevity products we are tackling the trend towards a rise in the average age and we are helping to ensure both financial security and a stable quality of healthcare well into retirement.

Particularly in markets with a low insurance density, such as Zambia or Mozambique, we actively support health business and contribute to local healthcare provision. In Central and Eastern Europe we assist our customers with the development of product solutions for private health insurance. The purpose of these initiatives is to safeguard the delivery of adequate healthcare to insureds that complements the medical treatment available under the government-run scheme, which is not always sufficient or readily available.

In addition, in South Africa we also support a primary insurer that enables its customers to invest part of the premium for charitable purposes when they purchase an insurance policy. As a general principle, we support primary insurers seeking to develop innovative products or to become active in new regions by providing financing solutions, thereby increasing insurance density.

More information on the topic at

-  [Company portrait](#)
-  [Advocacy groups and memberships](#)
-  [AR 2016: Life & Health reinsurance](#)
-  [AR 2016: Property & Casualty reinsurance](#)
-  [Website: Life and health reinsurance](#)
-  [Website: Property and casualty reinsurance](#)
-  [Federal Ministry for Economic Cooperation and Development](#)

Sustainability in asset management

In the context of our investment policy we strive for stable and attractive returns while also taking into account Environmental, Social and Governance criteria (ESG criteria). We have set out in writing our sustainability approach in the investment sector in our "Responsible Investment Policy", which was developed in 2011 and updated in 2016. We are guided by, among other things, 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 2012 virtually 90% of our 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 forced / child labour, discrimination or 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.

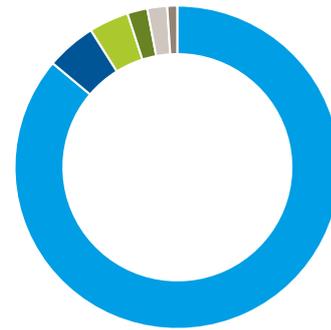
Active Ownership

In the case of listed companies we are able to influence the conduct of business through exercise of our voting rights. However, given that the proportion of listed equities in our asset portfolio is only around 2% of our 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 as at 31 December 2016

~90% of investments are subject to Environmental, Social and Governance criteria (ESG criteria).



- Fixed-income securities: 87%
- Real estate: 5%
- Short-term bonds & cash: 4%
- Private Equity: 2%
- Listed Equities: 2%
- Other: <1%

Book value 2016: EUR 42.3 billion

Customer orientation and satisfaction

In order to respond quickly and flexibly to individual customer requirements, we emphasise flat hierarchies, direct decision-making channels and the importance of empowering underwriters with the appropriate authorities. In addition, we engage in an ongoing and regular dialogue with our clients around the world and use the direct feedback provided on our efforts for the purpose of further optimising 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 regularly puts out information on medical and socioeconomic issues. Our subsidiary E+S Rück holds specialist conferences for its customers 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 delivery 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 us 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. Numerous awards also testify to the satisfaction of our business partners. Most recently, for example, we were once again crowned "Reinsurer 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

Our Customer Relationship Management (CRM) promotes an interactive exchange with our customers. Through a regular dialogue and in the context of events we initiate an exchange of knowledge on insurance topics and enable our customers to give feedback on our products and services in face-to-face discussions. We usually meet with 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 at our company are normally cultivated on the level of individual divisions. 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 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. In property and casualty reinsurance we cultivate our customer relationships both by direct means and through insurance brokers by making regular business trips or holding videoconferences. Furthermore, our employees attend trade fairs and expert conferences worldwide.

Customer dialogue

Unlike in the retail insurance sector, the reinsurance industry is not subject to statutory requirements to provide product or service information to its business 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.

In our Property & Casualty reinsurance business group a concept dubbed "Building Bridges" has been launched to cultivate closer customer relationships. In this context, every year since 2012 we have offered our international customers the multi-day seminar "Advanced

Reinsurance Methods, Practices and Current Topics". Starting in 2016 we expanded our offering to include the topics "Credit, Surety and Political Risks".

The newsletter "ReCent Medical News", which has been published at regular intervals since 2014, exemplifies an established dialogue channel in life and health reinsurance. In addition, we have presented and explored a wide range of medical and socioeconomic topics on our website.

Further flyers on a broad spectrum of topics – ranging from automated underwriting to the latest information on topics such as the Zika virus – can be retrieved through our website's Media Centre in various languages (including Spanish, French, Polish, German, English and Chinese).

Our junior account managers on the life and health reinsurance side are offered a special training programme that goes above and beyond the delivery of purely technical and specialist expertise. The programme is designed to highlight to our employees ways in which customers can be offered the best possible services and value-adding reinsurance solutions according to their needs.

The annual expert conferences "Hannover Forum" 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 motivate our customers to engage more intensively with sustainability issues in order to expand 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 delivery of sustainable insurance solutions through cooperative ventures. For a detailed description of our cooperation activities and products please see the section "Sustainable reinsurance solutions".

More information on the topic at

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

Customer satisfaction

We regularly conduct customer surveys in order to measure the satisfaction of our customers regionally and Group-wide; these are carried out both independently and, when it comes to certain markets, by drawing on the services of external market research institutes.

Since 2000, for example, we have 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 range of products and services through E+S Rück that is geared to the specific 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 market research agency to carry out an annual survey of reinsurance customers in the markets of the US, Europe, South Africa, Canada, Australia 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. The favourable perception of our activities in the eyes of our customers on international markets remained stable in 2016. The intensive and wide-ranging dialogue that we cultivate with our clients has played a major part in this.

In addition, since 2012 the market research agency has also provided the Board members responsible for the Life & Health reinsurance business group with an annual global study on the development of dif-

ferent business segments, a dedicated perspective on life reinsurance markets and trends in primary insurance business, 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 pleasant and easy to work with.

Our direct approachability, flexibility and quick response times are evaluated particularly favourably by customers and considered a competitive advantage in comparison with our peers. Our regular analysis of the study's findings also enables us to measure the success of our strategy – and make adjustments as needed.

We process the results of our customer surveys and studies in-house so as to identify potential action fields. The steps that were taken not only served to improve the perception of our brand, they also made our services and products stronger. In recent years, for example, we have increasingly expanded our automated underwriting systems according to the wishes of our customers and we have brought new product ideas to market.

Awards and distinctions

Over the years we have regularly been recognised for our work. In the current year, too, we have received some highly notable distinctions: the respected UK insurance magazine "Reactions" crowned us "Reinsurer of the Year" in 2016 for the second year in succession. Altogether, this is the tenth time that our company has been honoured with this accolade. In addition, our Specialty Team was recognised in 2016 – again by "Reactions" – as "Reinsurance Team of the Year".

Awards received 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	Reinsurer of the Year (Reactions London Market Awards)
2015	Ulrich Wallin "Reinsurance CEO of the Year" (Reactions London Market Awards)
2015	Best Colombia Reinsurer (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

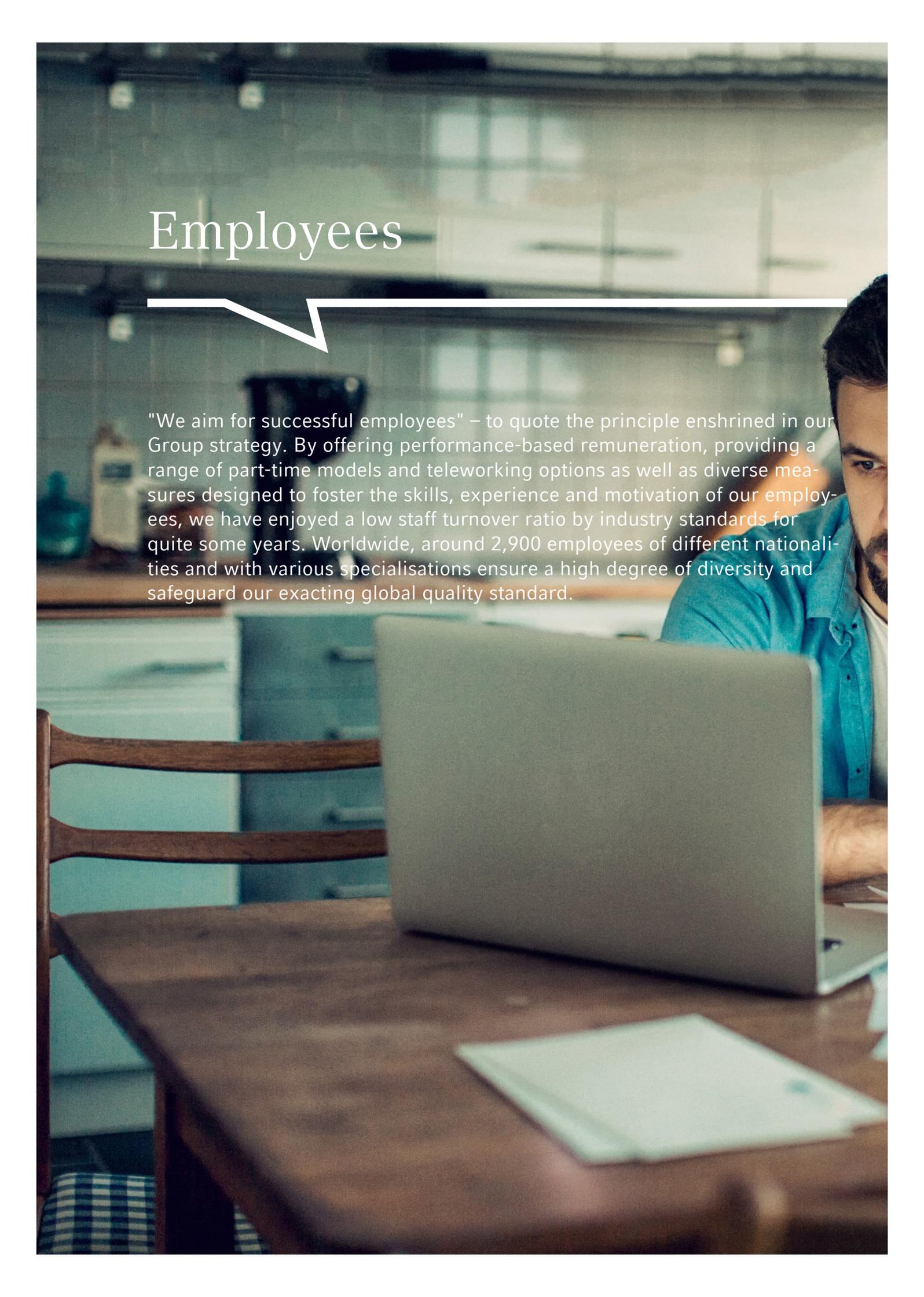
It is crucial to our company's success that we are perceived by our customers as a preferred business partner. If we are to be considered the best option, we must offer prices commensurate with the risks, adequate capacities and a reliable value proposition. As a business-to-

business service provider, the fair design of our products – i.e. of contracts with primary insurers – is an essential prerequisite for our business. We expect integrity from all our employees at all times in their dealings with clients and have enshrined these expectations on a mandatory basis in our Code of Conduct, which is applicable worldwide.

More information on the topic at

 Website: Sustainability Strategy

Employees

A man with a beard, wearing a blue button-down shirt, is seated at a dark wooden table. He is looking at a silver laptop. On the table in front of him are some papers. The background is a blurred office or kitchen area with white cabinets and a window.

"We aim for successful employees" – to quote the principle enshrined in our Group strategy. By offering performance-based remuneration, providing a range of part-time models and teleworking options as well as diverse measures designed to foster the skills, experience and motivation of our employees, we have enjoyed a low staff turnover ratio by industry standards for quite some years. Worldwide, around 2,900 employees of different nationalities and with various specialisations ensure a high degree of diversity and safeguard our exacting global quality standard.

Employees

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

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

As a central interface function, our human resources management is steered worldwide for the most part from our Home Office in Hannover. Our Chief Executive Officer, within whose scope of responsibility human resources falls, is responsible for ensuring that the measures defined in the Sustainability Strategy are acted on.

In keeping with the goals of our Sustainability Strategy 2015 – 2017, we further expanded our measures in the field of employee retention, development and advancement. Thanks to our new learning management system, our staff are now also able to view and book many training opportunities online and they can access blended learning offerings through the system. Our executives are similarly able to benefit from advanced training and support measures tailored specially to their needs. Succession management planning is also carried out 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 prevention.

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 telework-

ing, are conducive to a low staff turnover ratio 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 our company it goes without saying that in all the countries where we operate it is imperative to respect and observe local laws and regulations as the legal foundation of our business activities. There are also recommendations and standards handed down by national and international organisations. We endorse the requirements contained in these conventions and recommendations and expect our employees, suppliers and business partners worldwide to observe them in their actions.

The participation of our employees in decision-making processes within the company is ensured by their right to have a say through the SE-Employee Councils, the joint German Employee Council of Hannover Rück SE, E+S Rückversicherung AG and International Insurance Company of Hannover SE as well as through the three employee representatives on the Supervisory Board elected by this joint Employee Council.

When it comes to the formulation of employee rights, it is the applicable laws in the various countries that are determinative for us. Along with these national statutory regulations, we are guided by the standards of the International Labour Organization (ILO), especially in relation to eliminate 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 our company.

More information on the topic at

 Website: Sustainability Strategy

 Website: Code of Conduct

Employee indicators

We employed a workforce of 2,893 Group-wide in the year under review. The steady growth of our company has necessitated a continuous enlargement of the workforce in the reporting period. In the year

under review, therefore, as in the previous years, there were no significant job losses.

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

	2016 ¹	2015
Group-wide		
Total workforce	2,893	2,568
Thereof women	1,403	1,313
Thereof men	1,490	1,255
Full-time positions	2,547	2,161
Thereof women	1,178	1,027
Thereof men	1,369	1,134
Part-time positions	346	316
Thereof women	311	286
Thereof men	35	30
Permanent positions	2,728	2,420
Thereof women	1,375	1,229
Thereof men	1,353	1,191
Temporary positions	165	148
Thereof women	89	84
Thereof men	76	64
Hannover Home Office		
Workforce	1,349	1,337
Thereof women	715	706
Thereof men	634	631
Trainees	15	18

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Number of employees by region and gender

Region	2016 ¹			2015		
	Number of employees	Thereof men	Thereof women	Number of employees	Thereof men	Thereof women
Germany	1,349	634	715	1,337	631	706
Europe excl. Germany	532	259	273	371	180	191
USA	312	173	139	283	149	134
South Africa	276	119	157	156	68	88
Asia	218	119	99	219	126	93
Americas excl. USA	108	53	55	99	52	47
Australia	98	46	52	103	49	54
Total	2,893	1,403	1,490	2,568	1,255	1,313

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Percentage breakdown of the workforce by region



- Germany: 46.6% (2015: 52.1%)
- Europe excl. Germany: 18.4% (2015: 14.4%)
- USA: 10.8% (2015: 11.0%)
- South Africa: 9.5% (2015: 6.1%)
- Asia: 7.5% (2015: 8.5%)
- Americas excl. USA: 3.7% (2015: 3.9%)
- Australia: 3.4% (2015: 4.0%)

Executive 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 our 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 a 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 all employees of the Group. Our staff can use the system to view and book available in-house seminars.

In order to assure the individual advancement of our employees we offer them annual performance reviews with their direct supervisor, which highlight not only their strengths but also potential areas for development and support measures. In addition, with a view to consistently improving the quality of our leadership shown by our managers, we conduct a management appraisal every two years and organise suitable advanced training measures.

A standardised process for succession planning prevents the emergence of gaps when senior executives leave the company. Every two years we hold discussions with the two highest levels of management so as to identify potential successors for all positions.

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

More information on the topic at



Sustainability Strategy

(Further) Training

We offer our workforce a diverse programme of (further) training, both in-house and in cooperation with external service providers. In our Sustainability Strategy 2015 – 2017 we have set ourselves the goal of expanding our further training activities for specialist and executive personnel. We are achieving this aim by, among other things, extending the range of training offered to our seasoned employees.

Training

As an avenue for obtaining a professional qualification, we offer up to six places each year to study for a Bachelor of Arts in business management with an insurance concentration as part of an integrated degree programme. A six-week Summer School at the University of Edinburgh forms part of the training programme, thereby already reflecting our company's international approach during this phase.

We assist 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 employees, encompasses in particular topics in the fields of information technology and reinsurance, social and methodological skills as well as language courses. These opportunities were again well received in 2016. On average, each employee of our company participated in 3.9 days of further training.

When it comes to expanding and establishing our human resources development activities, we attach special importance to needs-oriented offerings aimed at specific target groups. The seminars launched in 2014 / 2015 with our seasoned employees in mind ("Primary insurance know-how for reinsurers" and "Mastering complexity: Making sound decisions in complex situations") as well as the seminar designed for executives on "Gender-specific communication" have thus been adopted as integral elements of our seminar programme. In the year under review we also designed and rolled out a seminar focused on "Relaxation skills" as well as a range of seminars on the topic of "Solution selling" that can be tailored to fit specific departments.

In the year under review we expanded and further consolidated our 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

Our members of staff have the opportunity to take part in an annual performance review with their direct supervisor. During this review the employee's performance is evaluated according to company-specific criteria, and issues relating to cooperation and the scope of tasks as well as the goals and professional development of the individual employee are explored at length. Participation in this review is optional for the member of staff, although we recommend an annual cycle of performance reviews. The implementation rate for performance reviews at the Hannover location was 92% in 2016.

With a view to maintaining and improving our company's good culture of leadership and communication, a process has been put in place 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 and 2016 owing to the overlap with issues relating to the international employee survey. We offer all (new) managers not only the opportunity to attend a range of leadership seminars but also individual coaching support.

Succession planning

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 process is supported by the Human Resources Management division 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, social skills, leadership ability and an assessment of their 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 2016 at 16.3%. 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 our company's business and for safeguarding our high quality standard. In our Sustainability Strategy approved by the Executive Board in 2015, we explicitly set ourselves the goal of preserving and restoring the performance capability of our employees. This is something that we intend to accomplish by, among other things, continuing with and adding to our existing health and wellness programmes. Given that most of our staff work at a desk, good ergonomic working conditions as well as relief from eye and back strain are particularly important, although in more general terms we also address the ability to cope with stressful situations. To this end, we have put in place a range of measures as part of our in-house health management. The focus is on prevention, e.g. through workplace inspections, information sharing and awareness raising, advice and treatment relating to matters of general medicine as well as vaccinations and vaccination advice. In addition to the support provided by our company physician, we organise our health management activities in the form of wellness days, seminars and a range of sports opportunities.

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, we ensure the best possible room layout and ergonomically designed furnishings, including electronically height-adjustable desks and chairs with a flexible range of adjustment options. We make appropriate facilities available for a mobile massage service that makes regular in-house visits to the Hannover location. Where required, we pay the costs of special computer glasses.

A heavy workload can cause stress and hence 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 and develop coping strategies. In a seminar offered under the name

"Relaxation skills" we have taken the aims discussed above a step further and added the aspect of relaxation. Our focus thus remains 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 we updated the further training available in relation to health, working capacity and the support provided to our staff in the late phase of their professional 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 introduce a counselling service to assist with professional and personal crises. Since 1 August 2016 we have made an Employee Assistance Programme (EAP) available to our staff and managers at the Hannover location in the form of an external telephone support line. This makes it possible to obtain immediate advice – free of charge and anonymously – on personal, professional and psychological matters as well as other health-related concerns and family support. We decided to cooperate with the EAP service provider CarpeDiem24, which stands ready to assist callers with well trained and experienced counsellors and can draw on many years of expertise.

The risk of physical impairment to our employees, i.e. of occupational injuries or fatalities, is minimal owing to our business operations as a financial services provider. Employees in Germany reported altogether 9 accidents while at work or commuting in 2016; the total number of employee days lost was 13,222. The rate of absenteeism due to illness was slightly higher in Hannover in 2016 than in the previous year at 3.9% (previous year: 3.8%). 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 our success. We again initiated and continued with numerous steps in the year under review in order to preserve our relatively low staff turnover ratio by industry standards.

Through individual part-time models – the structuring of which goes well beyond what is legally required – and opportunities for teleworking we help our staff combine to family and career. Childcare is available at the Hannover location for infants up to the age of 3 through the ReKids daycare facility.

More information on the topic at

 Sustainability Strategy

 Remuneration and performance review

Remuneration at our company is paid according to clear and transparent rules. Our employees are compensated solely on the basis of their specific tasks, their skills and qualifications and their performance. Salary increases and promotions follow a clearly defined process. Employees at the Hannover location additionally benefit from the security and advantages of the German collective agreement for the private insurance industry.

With a view to assessing the satisfaction of our worldwide workforce, we 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.

Work-life Balance

We would like to enable our employees to strike a balance between their professional challenges and private life and have therefore enshrined the improvement of the prerequisites for a healthy work-life balance in our 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, our 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, caring for relatives or preparing for the end of one's professional career, e.g. through partial retirement arrangements. At the Hannover location 289 members of staff are working part-time according to around 70 different, very individual part-time models. In addition, 411 employees have a teleworking position. A variety of part-time working models are also offered at our locations abroad, and teleworking opportunities are available.

We attach special importance to a family-friendly approach. Among other measures, we operate our own company daycare centre at the Hannover location, offering altogether a good 30 places for all-day care of infants (children up to the age of three). As part of our Sustainability Strategy 2015 – 2017 we regularly review the need to expand the range of care made available to employees' children at the kindergarten.

With a view to facilitating re-entry for employees who are currently on or are just returning from parental leave, we encourage our managers to actively maintain contacts with our staff members on parental leave, e.g. by inviting them to attend further training activities, in-house meetings and parties. On a Group-wide basis, 152 employees of our company were on parental leave in the year under review, thereof 47 men and 105 women. 44 employees returned to work from their parental leave in 2016, thereof 20 men and 24 women. 43 employees who returned from their parental leave in 2015 were still with our company twelve months later (20 men, 23 women).

Employee satisfaction

We attach great importance to the satisfaction of our employees in order to remain a consistently attractive employer. Regular feedback given by our staff is taken 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 around 70% in this survey, which was carried out in the autumn of 2015.

A very high degree of overall satisfaction among our staff was identified as a central finding. This was true both of the average evaluation across all questions and for virtually all individual questions. The considerable motivation and dedication expressed by our staff was especially 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 evaluated the findings in detail in 2016, with decentralised measures subsequently initiated and implemented in the individual units and entities.

The staff turnover ratio at the Hannover location of 3.1% (previous year: 2.5%) was higher than the level of the previous year, but still well below the average expected for the industry as a whole (5.3%). The average length of service to the company at the Hannover location stood at 11 years in 2016.

Staff turnover by region

Region	2016 ¹				2015			
	Rate of persons joining		Rate of persons leaving		Rate of persons joining		Rate of persons leaving	
	Number	in %						
Germany	62	4.6	50	3.7	94	7.0	33	2.5
Europe excl. Germany	77	14.5	43	8.1	50	12.8	59	15.1
USA	24	7.7	18	5.8	23	8.1	24	8.5
South Africa	15	8.5	16	9.1	20	12.2	24	14.6
Asia	35	16.1	29	13.3	25	15.4	18	11.1
Americas excl. USA	22	20.4	13	12.0	14	19.4	6	8.3
Australia	12	12.2	11	11.2	9	12.0	12	16.0

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Staff turnover by gender

Gender	2016 ¹				2015			
	Rate of persons joining		Rate of persons leaving		Rate of persons joining		Rate of persons leaving	
	Number	in %						
Men	124	8.8	103	7.3	121	9.6	85	6.8
Women	123	8.3	92	6.2	114	8.7	91	6.9

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Staff turnover by age group

Age group	2016 ¹				2015			
	Rate of persons joining		Rate of persons leaving		Rate of persons joining		Rate of persons leaving	
	Number	in %						
Up to age 29	91	26.9	40	11.8	105	33.5	26	8.3
Ages 30 to 49	125	7.6	107	6.5	107	7.1	97	6.5
Age 50 and over	31	4.8	48	7.4	23	4.6	53	10.6

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Remuneration and fringe benefits

Our employees are paid according to their specific tasks, their skills and qualifications 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 our 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 for staff employed in Germany are subject to transparent criteria published in the company's in-house intranet, which are also purely task- and skills-based.

Throughout our entire 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 us. Individuals from altogether 39 nations work at the Hannover location, for example.

Our company's expenditures for social security contributions and assistance amounted to altogether EUR 59.7 million in the year under review. Supplementary to individual and statutory retirement provision, employees in Germany who have been with us for longer periods of

time are entitled to inclusion in the employer-funded retirement provision 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 we pay 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 our company'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 targets.

Clear and transparent arrangements are just as important to us in the area of personnel recruitment. 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", we undertake to comply with various fundamental principles, including for example not filling full-time positions with interns, volunteers, student employees or long-term temporary workers.

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. We benefit in large measure from the abilities and know-how of our employees, whether they be female or male, older or younger, and from the various nationalities within the Group's workforce. The diversity of our employees helps us to appropriately reflect within our own organisation the diverse business environment in which our company operates. We have therefore made the continued cultivation of diversity a goal of our Sustainability Strategy 2015 – 2017.

In the year under review we again systematically pursued this goal and, for example, 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.

We have 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.

More information on the topic at

 (Further) Training

 Website: Career

Diversity indicators

We collect data Group-wide on the diversity of our workforce in relation to gender and age, and additionally at the Hannover location 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 the Hannover location alone, the 1,349 members of staff come from 39 different nations and thus reflect the international dimension of our business operations. Two different nationalities are represented on our company's seven-person Executive Board.

Breakdown of employees by country

	2016 ¹	2015
Germany	1,349	1,337
USA	312	283
UK	235	156
South Africa	276	156
Australia	98	103
Sweden	180	92
Ireland	43	51
Other	400	390
Total	2,893	2,568

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

The proportion of women and men in our total workforce is balanced. Yet women are under-represented in the company's higher hierarchical levels compared to men. With a view to changing this, we have adopted a number of tools and approaches to support women in their professional development: these include, for example, a mentoring programme for women, seminars for managers on gender-specific communication, advice sessions for parents-to-be with regard to periods of employment protection, parental leave, part-time working during parental leave etc. and also planning – in terms of both timing and content – for employees returning from parental leave with flexible arrangements that go well beyond the legal standards. The mentoring programme, in particular, is a highly customised development tool intended to encourage women to contemplate their career opportunities. The 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 latest implementation round was launched in 2016 with informational events and the application phase for would-be participants in the programme.

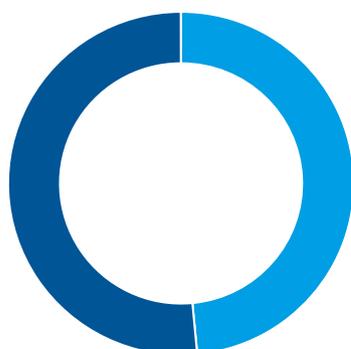
Of the 92 managers working in Germany, 15 are women, or 16.3%. Group-wide, the gender balance of the 2,893-strong workforce is balanced at 48.9% male and 51.1% female. For the German companies, we have targeted an overall ratio of 16.8% for women in the two levels of senior management directly below the Executive Board by 30 June 2017. With the proportion of women standing at 16.3% in 2016, we are well on track to achieving this goal.

Breakdown of employees by gender

	Gender	2016 ¹		2015	
		Number	in %	Number	in %
Group Executive	Men	134	4.6	136	5.3
	Women	24	0,8	24	0,9
Senior Management	Men	383	13.2	355	13.8
	Women	201	6,9	176	6,9
Other employees	Men	858	29.7	764	29.8
	Women	1,293	44,7	1,113	43,3

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Breakdown into male and female employees



Men: 48.5% (2015: 48,9 %)
 Women: 51.5% (2015: 51,1 %)

In our personnel statistics a distinction is made between three hierarchical levels: Group Executive, Senior Management and other employees. Of the altogether 2,893 employees Group-wide, 158 (5.5%) belong to the category of Group Executive, 584 (20.2%) to the category of Senior Management and 2,151 (74.3%) to the category of other employees.

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

Breakdown of employees by age group and employee category

	Age group	2016 ¹		2015	
		Number	in %	Number	in %
Group Executive	Up to age 29	0	0.0	0	0.0
	Ages 30 to 49	75	2.6	77	3.0
	Aged 50 or over	83	2.9	83	3.2
Senior Management	Up to age 29	0	0.0	2	0.1
	Ages 30 to 49	398	13.8	352	13.7
	Aged 50 or over	186	6.4	177	6.9
Other employees	Up to age 29	370	12.8	339	13.2
	Ages 30 to 49	1,338	46.2	1,168	45.5
	Aged 50 or over	443	15.3	370	14.4

¹ Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted.

Generation management

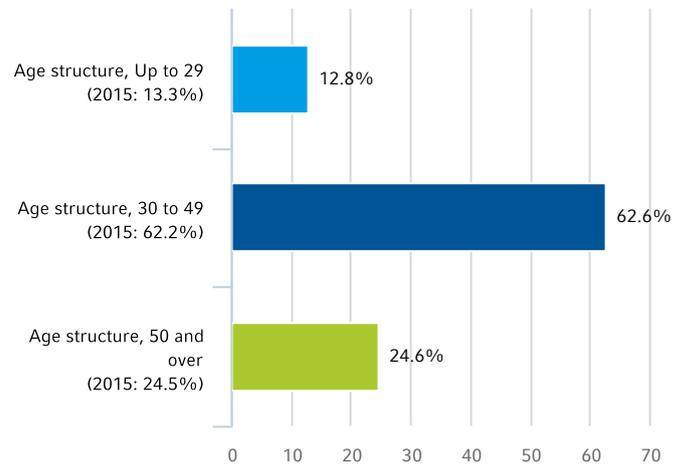
We have been quick to respond to the challenges of shifting demographics. By offering a suitable range of seminars for our older members of staff, we support their performance capability with an eye to specialist, personal and health considerations. A new seminar entitled "Purposeful steps for easing into retirement", for example, helps older personnel to tackle their final years with the company proactively 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 our company.

In 2016 we started to make plans for a seminar geared specially to the topic of "Leadership in the generational mix". Our goal is to offer this seminar, which will be a new programme module in the range of training provided to our executive staff, for the first time in 2017 at the latest.

The age structure of our Group's workforce in 2016 again reveals a balanced picture: 12.8% of our employees are under 30, 62.6% are

aged between 30 and 50 and 24.6% 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 4.6 percentage points in the period from 2011 to 2016.

Age structure of the workforce



More information on the topic at

 (Further) Training

Recruitment of junior staff

As an internationally growing company, we attach 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. We continue to put special emphasis on intensifying the targeted cultivation of those applicant groups that are of primary relevance to our company. Our personnel marketing video highlights particularly distinctive aspects of our company, namely the challenging content of the work, collegial cooperation and international atmosphere. Beyond four existing testimonial films four further films were produced and released in 2016 showing members of staff describing their tasks and the associated appeal from their own personal perspective.

A target group analysis carried out at the end of 2015 will also enable us to better calibrate our personnel marketing measures. The analysis of targeted and recruited employees revealed that, as has been the

case to date, we have a need for university graduates in mathematics and economics disciplines; this is 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 our company as an employer, inter alia by building and cultivating contacts with universities, attending job fairs, offering to arrange field trips, publishing activity reports in student magazines and trade journals as well as online media, 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. As a channel for boosting awareness and publishing job vacancies, we created an elaborate employer branding profile in the Xing business network in 2016. In the Career section of our website we are also giving greater prominence to aspects such as leadership and career advancement for professionals than we had in the past.

More information on the topic at

 Website: Career

Co-Determination

The participation of our 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 Rück SE, E+S Rückversicherung AG and International Insurance Company of Hannover SE as well as 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.

Our employees Group-wide are informed 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 our company. No precise notice period has been set for this purpose. In the context of their right to information, the Employee Council for the Hannover location and the SE Employee Council of Hannover Rück SE as well as the SE Employee Council of Inter Hannover SE also duly receive all relevant information so as to be able to influence operational changes.

In 2016, no instances are known of business operations at our company that could impede the rights to freedom of association or collective bargaining.

More information on the topic at

 Management structure

The background image shows a grand, ornate dining room. The ceiling is decorated with intricate, colorful patterns in shades of blue, orange, and gold. Large, multi-tiered chandeliers hang from the ceiling, casting a warm glow. The walls are covered in detailed carvings and murals. In the foreground, several round tables are set with white tablecloths, white napkins, and glassware, ready for a formal dinner. The overall atmosphere is one of elegance and historical grandeur.

Environment and Society

We can look back on a long tradition of social engagement: the examination concert in the Herrenhausen Gallery held by our subsidiary E+S Rück, which offers selected soloists from Hannover University of Music, Drama and Media an invaluable opportunity to take their final examination with a large orchestra, marks its twentieth anniversary in 2017. The focus of our commitment to society is on supporting projects in the areas of research and learning, art and music as well as on encouraging the voluntary social engagement shown by our employees – not only in Germany but also at our international locations.

Environment and Society

Although the environmental impacts of our company are comparatively slight, we take our responsibility for the environment very seriously and in our Sustainability Strategy we regularly define concrete targets and measures for protecting the environment and conserving resources. The focus of our efforts is on reducing CO₂ emissions resulting from the supply of electricity and heat to our premises and from our business travel.

In 2015 we successfully converted our environmental management system to the revised international standard DIN EN ISO 14001:2015. In 2016 an independent environmental verifier validated our environmental management system for the first time in accordance with the more comprehensive EMAS III Regulation.

In the year under review we continued to follow through on the measures to reduce our energy consumption. We reached the goal of carbon neutrality for our Hannover location as defined in the Sustainability Strategy 2015 – 2017 to a level of 100%. Among other things, the changeover to renewable energy in 2012 as well as the offsetting of greenhouse gas emissions caused by air travel, district heating and paper consumption were key factors in this achievement. We track the consumption of resources in Hannover – above all water and paper –

on a regular basis and are constantly seeking to reduce it. We monitor our waste disposal according to the type and quantity of waste. We actively support local and international environmental protection initiatives.

In the area of procurement we pay close attention to our suppliers' compliance with environmental and social standards. All new and existing core suppliers are required to sign our Code of Conduct for Suppliers. Based on self-reporting and using an application-supported process, we also evaluate our suppliers according to sustainability criteria. Suppliers who are assessed critically in an Environmental, Social and Governance risk category (ESG risk category) are assigned to the blacklist. No further orders are placed with such suppliers.

Our commitment to society has a long tradition. We have been active as a sponsor of culture and social projects for several decades. Our activities extend beyond our Hannover location to encompass our subsidiaries and branches with their specific projects targeting social concerns in their own country. Content-wise, we currently concentrate our non-profit activities on the areas of research, learning, art and music as well as on assisting our employees with their voluntary contributions to society.

More information on the topic at

-  [Social Commitment](#)
-  [Website: EMAS](#)
-  [Website: Code of Conduct for suppliers](#)
-  [Website: Sustainability Strategy](#)

Operational environmental protection

With the implementation of our environmental management system in 2012, which was certified according to DIN EN ISO 14001, we put in place standard processes for dealing with environmental protection and we specified concrete measures in our environmental programme. The certification of our environmental management system according to the revised standard DIN EN ISO 14001:2015 passed off successfully in December 2016. In order to meet the statutory requirement to conduct energy audits, we published a validated EMAS III Environmental Statement for the first time in 2016.

The focus of our efforts to conserve the environment is on reducing CO₂ emissions associated with the supply of electricity and heat to our premises as well as those caused by our business travel. We achieved our goal of operating on a carbon-neutral basis at our Hannover location to a level of 100% in the year under review. The changeover to renewable energy since 2012 and the offsetting of greenhouse gas emissions resulting from our air travel through the climate protection organisation atmosfair were key factors in this achievement. We offset

the remaining 3 % of the CO₂ emissions, deriving from the use of district heating and from paper consumption, by purchasing climate certificates for the moorland project of Friends of the Earth Germany (BUND – Bund für Umwelt und Naturschutz Deutschland) as well as by supporting a hydroelectric plant in Honduras and biomass plant in India. Having already converted our power supply at the Hannover 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, we are engaged in a number of environmental conservation projects, including for example the local initiative "Climate Alliance Hannover 2020" and the "Extreme Events and Climate Risks" working group of the Geneva Association, and we also participate in the Carbon Disclosure Project (CDP).

More information on the topic at

-  [Legal framework](#)
-  [Product responsibility](#)
-  [Governance and Dialogue](#)
-  [Website: EMAS](#)
-  [Website: Sustainability Strategy](#)
-  [Website: Moorland](#)
-  [Website: CDP](#)
-  [Project Honduras](#)
-  [Project Biomass India](#)

Environmental management system

With the aid of our environmental management system certified in accordance with DIN EN ISO 14001 we review our impact on the environment and identify measures for minimising these effects wherever possible. Responsibility for the system rests with our full Executive Board.

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 annual conduct of the audits that are obligatory under the management system.

In December 2016 our environmental management system was certified according to the revised international standard DIN EN ISO 14001:2015. Our environmental certificate is thus valid for another 3 years. In 2016 we also drew up our first Environmental Statement in accordance with the EMAS III Regulation and had it validated by an environmental verifier. The validated EMAS III Environmental Statement covers the energy audits that have been mandatory in Germany since April 2015. Major features of the EMAS III Regulation include a rigorous orientation towards continuous improvement of environmental efficiency, the use of consistent performance indicators

in relation to key environmental aspects as well as verification of compliance with legal requirements.

The standards set out in our environmental management manual and in the supplementary instructions are mandatory for all managers and staff.

Expenditures on environmental protection

Costs of around EUR 11,000 were incurred in the reporting period for certification of our environmental management system and validation of our EMAS III Environmental Statement. 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 atmosfair for CO₂ emissions caused by our air and train travel amounted to altogether EUR 222,583 in the year under review and were therefore a major component of our spending on environmental protection. In addition, the 2016 financial year was the first one in which we offset emissions from the use of district heating and from our paper consumption by purchasing climate certificates for the moorland project of Friends of the Earth Germany (BUND – Bund für Umwelt und Naturschutz Deutschland). We were thus successful for the first time in operating with a net zero carbon footprint at the Hannover location. Our total expenditures and investments for environmental protection measures can therefore be put at around EUR 350,000 in 2016.

More information on the topic at

 Legal framework

 Website: EMAS

Energy consumption

With a view to further cutting our energy consumption at the Hannover location, we systematically pressed ahead with the already existing measures and initiated some additional steps in the year under review.

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. In 2017 the time has now come: operation of the existing backup computer centre is being handed over to a professional data centre operator. The power usage efficiency ratio (PUE ratio) for such "shared" data centres is significantly lower than can be achieved in comparable self-operated facilities. 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.

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 our workforce are also encouraged to make energy savings. All our employees at the Hannover location receive annual online training in efficient energy use and environmental protection at the workplace. Participation is compulsory for all members of staff.

We are also making increasing use of state-of-the-art communication capabilities in order to conserve resources in our business operations. Our standard workstations have been made more energy-efficient and hence more environmentally friendly. Notebooks, PCs and workstation printers with high energy consumption and CO₂ emissions were replaced with more modern energy-efficient devices. Following the roll-out of a new integrated unified communication platform it is now possible to hold web conferences at all workstations. This is intended to further reduce the number of business trips made within the Group. With the realisation of the aforementioned measures, the IT project to restructure and optimise PC workstations ("Next Generation Workplace") has thus been completed.

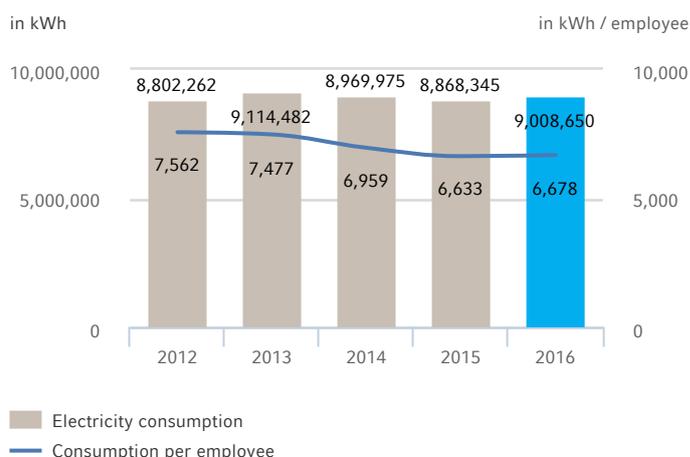
In order to ensure that not only small but also larger meetings involving several participants per location can be held in the form of a web-based conference, web conference rooms have been set up; along with a camera and video technology, these are also equipped with remote white boards, thereby making 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. The measure is similarly intended to further reduce the number of business trips.

Even the daily commute to work offers potential scope for energy savings. For example, we offer our employees the option of teleworking. Not only does this play a part in cutting emissions, it also promotes the compatibility of career and family life. 30.5% of the workforce employed in Hannover already makes use of this possibility.

At the beginning of 2012 we switched our electricity supply to 100% renewables and have since used power from our external energy providers that is obtained exclusively from regenerative sources. Electricity consumption in the year under review, including self-generated solar energy, stood at 9,008,650 kilowatt hours (this equates to roughly 32,431 gigajoules). In November 2013 we installed altogether 652 solar modules on the roof of the office buildings in Hannover. In the 2016 financial year 122,448 kilowatt hours of solar energy were generated through operation of the system, roughly equivalent to the power consumption of 41 two-person households. In 2016 we avoided 4,748 tonnes of CO₂ emissions through our use of electricity from regenerative sources.

Electricity consumption per employee was slightly higher than in the previous year at 6,678 kilowatt hours (previous year: 6,633 kilowatt hours), which is clearly below 5-year average.

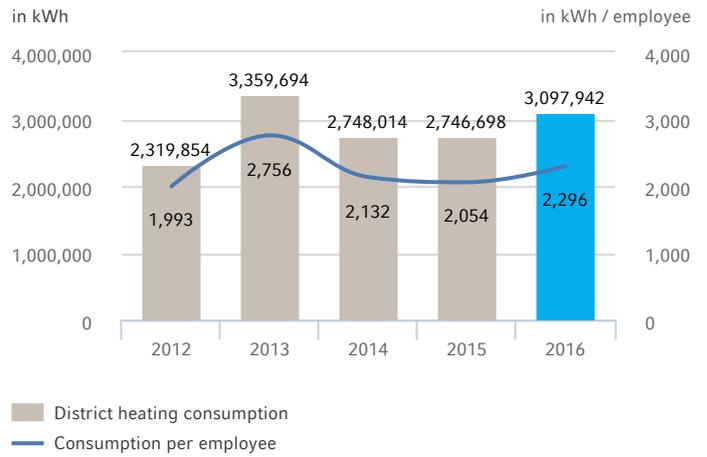
Electricity consumption



For weather-related reasons our district heating consumption in 2016 was significantly higher than in the previous year at 3,098,250 kilowatt hours (equivalent to around 11,154 gigajoules). Analysis of the district heating consumption data for our premises shows that adjusted for weather conditions the per capita consumption of 2,449 kilowatt hours per employee was just 1% higher than in the previous year (2,425 kilowatt hours) and 11% lower than the level of consumption in 2014.

In 2015 we modernised the glass facade of our main office building at Karl-Wiechert-Allee 57 and installed a weather-based, proactive heating management system from the provider MeteoViva. Analysis of the district heating consumption data shows that these measures reduced consumption – adjusted for the effects of weather conditions – by 270,728 kilowatt hours compared to the base year of 2014. This is equivalent to cutting CO₂ emissions by 22.6 tonnes.

District heating consumption

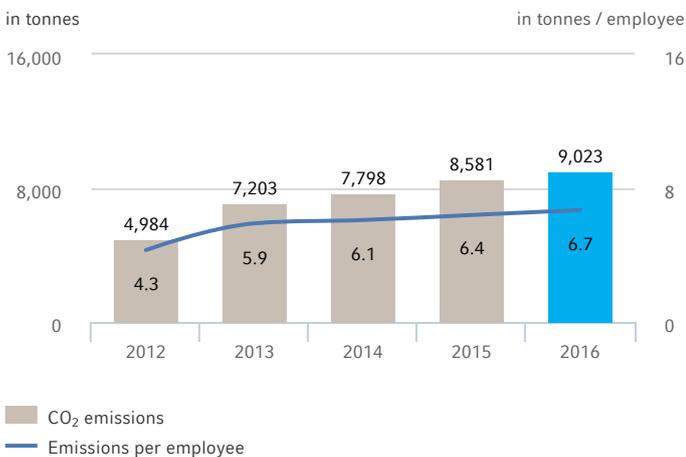


Emissions

Our CO₂ emissions in Hannover in the year under review amounted to 9,023 tonnes, an increase of 5.2% year-on-year. The measured emissions are indirect CO₂ 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 CO₂ emissions in the year under review is due to the increased distance travelled on business trips associated in some instances with the need to cultivate 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 locations of our Group.

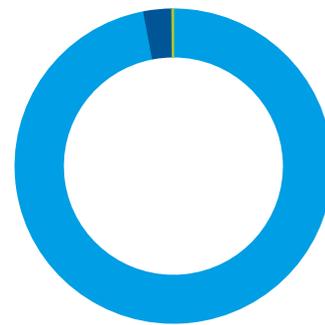
CO₂ emissions



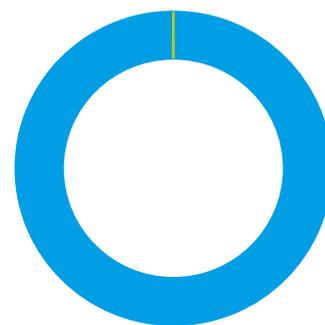
Business travel accounts for around 97.1% of our total emissions. Since 2007 we have therefore worked together with the climate protection organisation atmfair to calculate, control and offset them. The CO₂ emissions caused by business travel rose in the year under review to 8,756 tonnes (previous year: 8,306 tonnes).

Due to the increase in the basis for calculating CO₂ emissions for paper production, CO₂ emissions rose despite the savings to 9.2 tonnes (8.8 tonnes CO₂ in 2015).

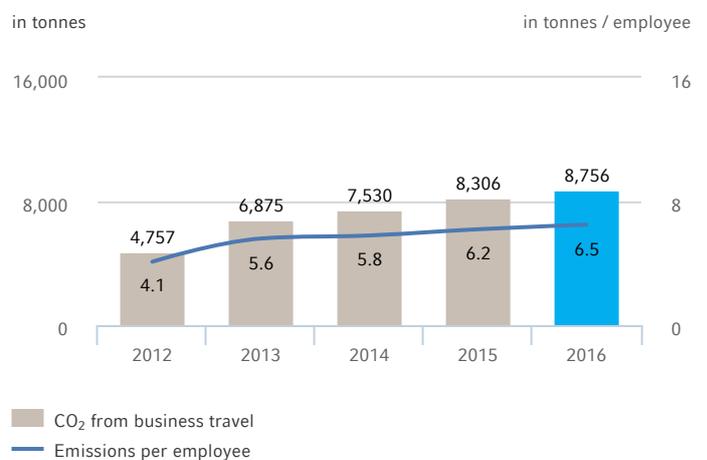
CO₂ emissions in 2015 according to causation



CO₂ emissions from business travel by means of transport



CO₂ emissions from business travel



Measures to reduce CO₂ emissions

By the 2016 financial year we had already achieved our goal of operating the Hannover location on a carbon-neutral basis to a level of 100% by taking various concrete steps. Since 2012 we have obtained our electricity from renewable sources and we are planning to purchase green electricity progressively worldwide. Since 2016 we have offset our CO₂ emissions virtually entirely in cooperation with atmosfair and to a limited extent through the moorland rewetting project of Friends of the Earth Germany (BUND – Bund für Umwelt und Naturschutz Deutschland).

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

In addition, it remains our firm intention to making greater use of videoconferences and, where possible, we replace business trips – especially between different locations of our Group – with videoconferences.

More information on the topic at

 Website: atmosfair

 Website: Sustainability Strategy

Resource consumption

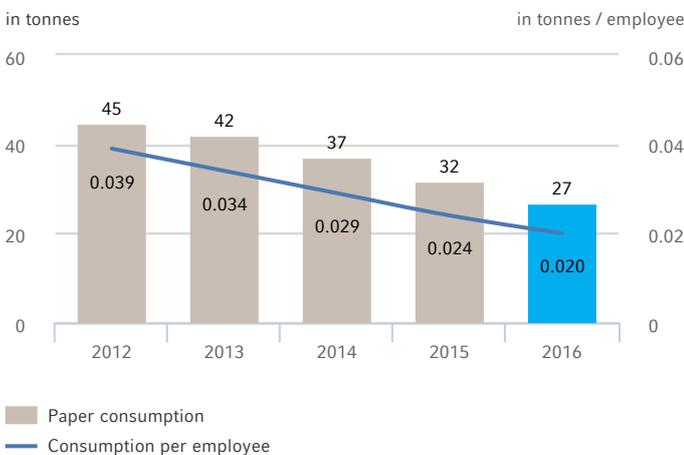
Paper consumption

As a company operating in the reinsurance industry, we do not make any appreciable use of physical materials. Only the paper consumption at our offices is a relevant use of resources, and we therefore measure and manage this. It amounted to 5,753,750 sheets for the Hannover location in the year under review (equivalent to around 27 tonnes) and – with a drop of 15.6% – was thus significantly below the level of the previous year. Our e-administration system "Ruschlikon by ACORD" also played a part here. Among other things, the system makes possible the paperless processing of official documents. In the first quarter of 2016 alone, for example, we were able to electronically process 7,800 loss advices and altogether 35,000 attachments.

Above and beyond this, we were also able to cut paper consumption in 2016 by digitalising work processes: with the aid of our document management system we have successfully mapped posting releases while adhering to and documenting the principle of dual control.

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 0.04 tonnes per year and employee, this number had dropped to 0.02 tonnes per employee in the year under review. 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 2015. 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 three days. The continuous drop in paper consumption can also be attributed to ongoing expansion of our document management systems.

Paper consumption



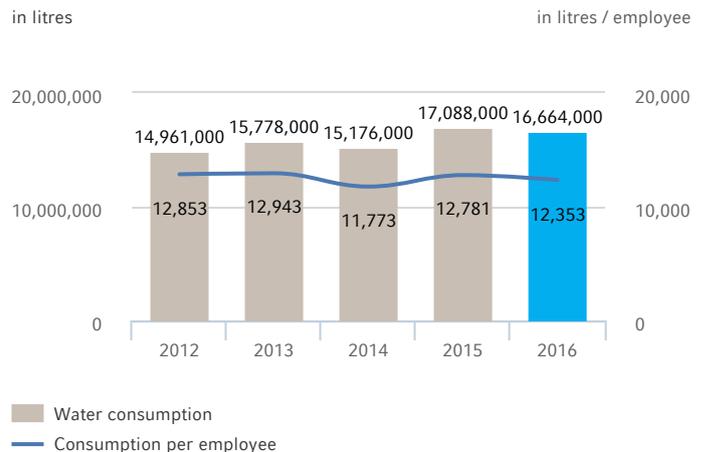
Since 2012 we have used exclusively printer paper bearing the "Euroblume" European environmental seal. This quality seal is awarded to consumer goods which are manufactured with reduced emissions and low energy consumption and which stand out for their restrictive use of chemicals and auxiliary materials. In 2015 we also tested the changeover over to lighter paper of a lower density. Since then 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

Our water is supplied exclusively by the regional water utility company. The total water consumption in the year under review amounted to 16,664,000 litres and was thus higher than in the previous year.

Water consumption

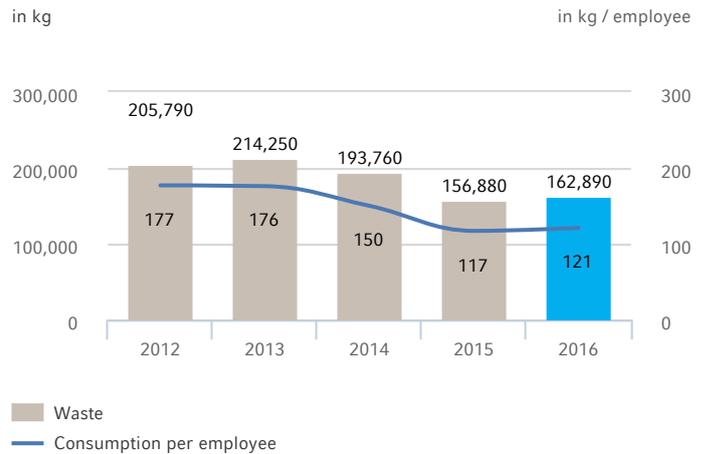


Waste

The total weight of waste grew by 3.8% in 2016 to 162,890 kilograms. This increase was driven by a significantly higher quantity of biomass in the year under review.

Roughly half of our total waste in 2016 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



Waste by method of disposal for years 2015 and 2016

in kg	2016	in %	2015	in %
Recycling	82,630	50.7	84,100	53.6
Composting	12,480	7.7	5,040	3.2
Energy recovery	17,210	10.6	17,330	11.0
Combination of material recycling, above-ground landfill and energy recovery ¹	49,520	30.4	49,360	31.5
Electronic waste	860	0.5	860	0.6
Hazardous waste (e.g. energy-saving light bulbs, paint, varnish)	190	0.1	190	0.1
Total	162,890	100.0	156,880	100.0

¹ 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 2020" initiative we have undertaken to emit 40% less harmful greenhouse gases by 2020 than in 1990. Under the Climate Alliance we additionally participate in the Business Strategy Group of the "Master Plan 2050 for the City and Region of Hannover, 100% for Climate Protection".

Since 2007 we have 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 2016, as in the previous years, we participated in the survey conducted by the Carbon Disclosure Project (CDP). Information related to climate change is published here with a special orientation towards the capital market. In 2016 we achieved a "B" score (corresponding to the second-best level) and thus further improved on the previous year. In 2017 we shall again participate in the CDP survey.

We are 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 processing of official documents. In the first quarter of 2016 alone, for example, we 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.

We also participate actively in the Geneva Association working group on "Extreme Events and Climate Risks". For further information please see the chapter on "Product responsibility".

More information on the topic at

-  Website: CDP
-  Website: Climate Alliance Hannover 2020
-  Website: Ecoprofit
-  Website: "Schriftenreihe" series of publications E+S Rück

Supplier management

Supplier management is an approach of particular importance to us with a view to monitoring our procurement costs and reducing them wherever possible. By evaluating our suppliers comprehensively, we aim to ensure observance of our compliance principles and to avoid associated Environmental, Social and Governance risks (ESG risks).

At the Hannover location three different areas are responsible for the procurement of a diverse range of products and services: Facility Management (FM), Information Technology (IT) and the group formed by the various specialist units. Goods are purchased either directly from the manufacturer or through distributors. In this context a Code of Conduct for Suppliers safeguards adherence to environmental and so-

cial standards. We carry out a corresponding evaluation of our suppliers at regular intervals.

By engaging in an active dialogue we are able to build sustainable and robust relationships with our suppliers. 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 our 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, we have 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 sys-

tem and is 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)
- Blacklist (Suppliers are in violation of our requirements and will receive no further orders)

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, we 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, we are aware of our responsibility to society. For us, this also means showing social engagement and supporting relevant institutions and projects. For example, we support universities as well as educational and research projects with a bearing on reinsurance business. Not only that, for many years we have been a sponsor of art, culture and music at our Hannover location. We encourage the dedication shown by our staff in countless projects around the world and we support international projects in accordance with our Donations Guideline.

Responsibility for our 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.

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, we have been a long-time supporter of the Geo Research Center in Potsdam and the Global Earthquake Model (GEM) Foundation, 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.

Since 2006, with a view to also promoting the growth of legal disciplines relevant to the reinsurance 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 (Kompetenzzentrum Versicherungswissenschaften GmbH). 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 Model \(GEM\) Foundation](#)

 [Website: Kompetenzzentrum Versicherungswissenschaften](#)

Support for art, culture and music

Hannover Re Foundation

Supporting contemporary art has traditionally been a cause for our company. In 1991, to mark the company's 25th anniversary, we set up the Hannover Re Foundation to benefit the Sprengel Museum in Hannover. The foundation's mission is to acquire contemporary works of art and make them available to the Sprengel Museum on permanent loan – thereby also promoting Hannover as a centre for art. The foundation also funds publications and events to accompany the exhibitions.

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. The works acquired by the foundation and provided to the Sprengel Museum Hannover on permanent loan include pieces by Gerhard Richter, Donald Judd, Ronald B. Kitaj, Georg Baselitz, Sigmar Polke, Bernd Koberling and numerous other artists. In 2014 the Hannover Re Foundation acquired the sculpture "Another Twister" by the American artist Alice Aycock. This sculpture was also handed over to the museum on permanent loan and installed in front of the Sprengel Museum to mark the opening of the new museum extension in September 2015.

Hannover as a centre for art

We are a sponsor of various art institutions in Hannover. Along with the Sprengel Museum, we also support the Wilhelm Busch Museum, the Kunstverein 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 our role as a "Kestnerpartner" we are able to promote the society's work on a continuous and lasting basis.

Art collection

It was in the mid-1980s that our former Chief Executive Officer Claus Bingemer set about building the foundation of our 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 Mattheuer 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 our 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 us. In this context, the company's cultural engagement also extends to promoting young artists from the Lower Saxony region. Selected works 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 exhibition certain pieces are selected and purchased for the company's own collection.

Advancement of talented musicians

Every year since 1998 E+S Rück, our subsidiary with responsibility for the German market, has organised an examination concert for gradu-

ating soloists in cooperation with Hannover University 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: Kestnergesellschaft](#)
-  [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, we support social projects all around the world. In so doing, we contribute our expertise in the area of reinsurance, whenever possible.

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.

Our 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. Our employees regularly help to realise their Christmas dreams in order to make the holiday season more special.

With our Donations Guideline, which is applicable Group-wide, we have defined our own policies for this social engagement. In our Sustainability Strategy we have set ourselves the goal of reviewing these 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, we did not make any contributions to political parties, politicians or related institutions in the reporting period or in previous years.

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.

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, G4-22, G4-23

With its Sustainability Report on the 2016 financial year we are publishing information on social, environmental and governance topics within the Group for a sixth consecutive year. Our Sustainability Report was drawn up in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI) as well as the 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. The reporting period is from 1 January to 31 December 2016. Significant developments in 2017 have been included up until the editorial deadline in August 2017. 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 our company. 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
Governance and Dialogue		
Responsible, value-based enterprise management	X	X
Compliance	X	X
Risk management	X	X
Stakeholder dialogue	X	X
Product responsibility		
Risk expertise	X	X
Sustainable insurance solutions	X	X
Environmental, Social and Governance criteria (ESG criteria) in asset management	X	X
Customer orientation and satisfaction	X	X
Employees		
Health management	X	
Executive development / Employee advancement	X	X
Employee retention	X	
Diversity	X	
Co-determination	X	
Environment and Society		
Operational environmental conservation	X	
Supplier management		X
Social commitment		X

Survey methods and calculation bases for the data

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

Until 2015 inclusive the Group-wide headcount refers only to employees working at Group companies allocable to the operational insurance business. From 2016 onwards the employees of all companies included in the financial statement of the Hannover Re Group are counted. For this reason, the Group-wide employee numbers for 2016 are only comparable with those of previous years to a limited extent.

The stated environmental indicators refer to the Hannover location (degree of coverage: 46.6 % 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 CO₂ emissions from business travel we adopt the calculation methods of our offset provider "atmosfair" and of Deutsche Bahn AG. We establish the CO₂ savings from the use of videoconferences by utilising data from our service provider "Tata Communications" as well as our 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
Strategy and Analysis			
G4-1	Foreword by the Chairman of the Executive Board	> Foreword	
G4-2	Description of key impacts, risks, and opportunities	> Risk management > Sustainability Strategy > AR 2016: Organisation and process of risk management	
Organizational Profile			
G4-3	Name of the organization	> Hannover Rück SE	
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	> Hannover, Germany	
G4-6	Countries where the organization operates	> The Group worldwide	
G4-7	Nature of ownership and legal form	> Shareholder structure > Responsible enterprise management > AR 2016: Shareholding structure > AR 2016: 1. Company information	
G4-8	Markets served	> Organisational profile	
G4-9	Scale of the organization	> Company portrait > Key figures > Organisational profile > Product portfolio	The total number of services that we offer cannot be specified owing to the complex, specialised and in some cases individually tailored contractual arrangements.
G4-10	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"> > Organisational profile > AR 2016: 4.3 Major acquisitions and new formations 	
G4-14	Observance of precautionary approach or principle	<ul style="list-style-type: none"> > Risk management > Organisation and process of risk management 	
G4-15	Participation in and support for externally developed charters, principles and initiatives	<ul style="list-style-type: none"> > Advocacy groups and memberships 	
G4-16	Significant memberships	<ul style="list-style-type: none"> > Advocacy groups and memberships 	

Identified material aspects and boundaries

G4-17	List of consolidated entities	<ul style="list-style-type: none"> > AR 2016: 4.2 Consolidated companies and complete list of shareholdings 	
G4-18	Process for defining the report content	<ul style="list-style-type: none"> > Materiality analysis > About this report 	
G4-19	Material Aspects	<ul style="list-style-type: none"> > Materiality analysis > About this report 	
G4-20	Material Aspects within the organization	<ul style="list-style-type: none"> > About this report 	
G4-21	Material Aspects outside the organization	<ul style="list-style-type: none"> > About this report 	
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	<ul style="list-style-type: none"> > About this report 	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"> > Stakeholder dialogue 	
G4-25	Identification of stakeholder groups	<ul style="list-style-type: none"> > Stakeholder dialogue 	
G4-26	Approach to stakeholder engagement	<ul style="list-style-type: none"> > Stakeholder dialogue 	
G4-27	Recognition of key topics and concerns raised by stakeholder groups	<ul style="list-style-type: none"> > Stakeholder dialogue 	

Report profile

G4-28	Reporting period		The reporting period of our Sustainability Report 2016 is the 2016 financial year (1 January to 31 December 2016). The editorial deadline for our Sustainability Report 2016 was in August 2017. Significant developments in 2017 have therefore already been taken into account and disclosed accordingly.
G4-29	Date of most recent previous report		Our most recent Sustainability Report was published in October 2016. 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
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G4-32 GRI Content Index
 The Sustainability Report 2016 has been drawn up in accordance with the Core option.

G4-33 External Assurance for the report
 This report has not been externally assured.

Governance

G4-34 Governance structure > Governance structure

G4-35 Process for delegating authority for economic, environmental and social topics > Governance structure

G4-36 Responsibility for economic, environmental and social topics > Responsible enterprise management

G4-38 Composition of the highest governance body and its committees
 > Governance structure
 > Website: Supervisory Board
 > Website: Executive Board
 We do not report on membership of under-represented social groups.
 We do not record competences relating to economic, environmental and social issues.

G4-39 Independence of the Chair of the highest governance body
 > Management structure
 > AR 2016: Declaration on Corporate Governance
 In accordance with German law, there is a strict separation between the duties of the Chief Executive Officer and those of the Chairman of the Supervisory Board.

G4-40 Nomination and selection processes for the highest governance body
 > Management structure
 > AR 2016: 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 2016: 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
 > Advocacy groups and memberships

G4-44 Evaluation of the highest governance body's performance with regard to sustainability
 > Remuneration and performance review

G4-45	Role of the highest governance body with regard to sustainability risks and opportunities	<ul style="list-style-type: none"> > Organisation and process of risk management > Stakeholder dialogue 	
G4-46	Role of the highest governance body in reviewing the effectiveness of risk management	<ul style="list-style-type: none"> > Organisation and process of risk management > AR 2016: Opportunity and risk report 	
G4-47	Frequency of the highest governance body's review of sustainability risks and opportunities	<ul style="list-style-type: none"> > Organisation and process of risk management > AR 2016: Opportunity and risk report 	
G4-48	Responsibility for the sustainability report	<ul style="list-style-type: none"> > Foreword 	
G4-49	Process for communicating critical concerns to the highest governance body	<ul style="list-style-type: none"> > Management structure 	
G4-50	Critical concerns communicated to the Executive Board / Supervisory Board	<ul style="list-style-type: none"> > Website: Annual General Meeting 2017 	
G4-51	Remuneration policies for the highest governance body and senior executives	<ul style="list-style-type: none"> > Remuneration and performance review > AR 2016: Remuneration report 	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"> > Remuneration and performance review > AR 2016: Remuneration report 	
G4-53	Expression of views by stakeholders on the aforementioned remuneration	<ul style="list-style-type: none"> > Remuneration and performance review 	

Ethics and integrity

G4-56	Values, principles and codes of conduct	<ul style="list-style-type: none"> > Strategy and Management > Governance and dialogue > Compliance > Supplier management 	
G4-57	Grievance mechanisms, questions	<ul style="list-style-type: none"> > Compliance structure and report 	
G4-58	Grievance mechanisms	<ul style="list-style-type: none"> > Compliance structure and report 	

Specific Standard Diclosures

G4 Indicator	Description	Reference	Explanation
Category: Economic			
G4-DMA	Management approach	<ul style="list-style-type: none"> > Sustainability management > Company portrait > Risk management > Sustainable insurance solutions > AR 2016: Strategy 	
Economic Performance			
G4-EC1	Direct economic value generated and distributed	<ul style="list-style-type: none"> > Company portrait > AR 2016: Report on economic position 	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"> > Risk management 	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	<ul style="list-style-type: none"> > Remuneration and fringe benefits > AR 2016: 8.4 Staff and expenditures on personnel 	
G4-EC4	Financial assistance received from		We did not receive any subsidies or other forms of support from the government in the year under review.
Market Presence			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant business locations		In order to satisfy the exacting quality standards of our complex services, our company 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"> > Remuneration and fringe benefits 	
Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and service supported	<ul style="list-style-type: none"> > Sustainable insurance solutions 	
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.
Category: Environmental			
G4-DMA	Management approach	<ul style="list-style-type: none"> > Sustainability management > Environmental management > Supplier management > Compliance structure and report 	

Materials			
G4-EN1	Materials used by weight or volume	> Resource consumption	
Energy			
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	Presentation in joules is not considered to be expedient for internal management purposes.
G4-EN7	Reduction in energy requirements of products and services	> Sustainable insurance solutions	
Water			
G4-EN8	Total water withdrawal by source	> Resource consumption	
G4-EN10	Percentage and total volume of water recycled and reused		As a non-manufacturing company, our company has not taken steps to recycle and reuse water.
Biodiversity			
G4-EN11	Operational sites in, or adjacent to, protected areas		The land used by our company 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 our company 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.
Emissions			
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	
Effluents and Waste			
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 us. The volume of water discharged in the reporting period corresponds to the volume of water consumption (cf. Indicator EN8) and thus totalled 16,664,000 litres. Our water is discharged into the municipal sewage network. Environmentally critical effluents are not discharged in connection with our 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	> Sustainable insurance solutions	
G4-EN28	Reclamation of packaging materials	> Resource consumption	As a provider of reinsurance products this Indicator is not applicable to our company. Our company nevertheless strives for a high level of recycling and low consumption of materials.
Compliance			
G4-EN29	Monetary value of significant fines and total number on non-monetary sanctions for non-compliance with environmental laws and regulations	> Compliance structure and report	We were 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 our company.
Transport			
G4-EN30	Environmental impacts of transporting products and materials	> Emissions	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.
Overall			
G4-EN31	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	> Expenditures on environmental protection	
Supplier Environmental Assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	> Supplier management	
Environmental Grievance Mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	> Compliance structure and report	

Category: Social

Sub-category: Labor practices and decent work

G4-DMA	Management approach	> Sustainability management > Employees > Employee development and employee advancement > Employee retention > Co-Determination > Supplier management > Compliance structure and report	
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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	
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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"> > Management structure > Diversity management 	
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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"> > Remuneration and fringe benefits > Diversity Management 	
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Supplier Assessment for Labor Practices

G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<ul style="list-style-type: none"> > Supplier management 	
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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"> > Compliance structure and report 	
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Sub-category: Human rights

G4-DMA	Management approach	<ul style="list-style-type: none"> > Governance and dialogue > Compliance structure and report > Supplier management > Employees 	
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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"> > Compliance structure and report 	As a general principle, the risk of human rights violations in connection with our operations is extremely slight.
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Non-discrimination

G4-HR3	Total number of incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> > Diversity Management 	
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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"> > Supplier management > Co-Determination 	As a general principle, the risk of human rights violations in connection with our operations is extremely slight.
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Child Labor

G4-HR5	Principles and measures relating to the prevention of child labor	<ul style="list-style-type: none"> > Employees > Supplier management 	As a general principle, the risk of human rights violations in connection with our operations is extremely slight.
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Forced or Compulsory Labor

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

G4-HR7	Training of security personnel		We do not employ any security personnel of our own and have assigned this function to external service providers. The risk of human rights violations in the context of our business is extremely slight and in our assessment, therefore, this Indicator is in principle not relevant to our sustainability management.
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Supplier Human Rights Assessment

G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<ul style="list-style-type: none"> > Supplier management 	
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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 our company and we therefore do not consider the establishment of a grievance mechanism for human rights violations to be relevant to us.
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Sub-category: Society

G4-DMA	Management approach	<ul style="list-style-type: none"> > Social Commitment > Stakeholder dialogue > Compliance > Supplier management 	
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Local Communities

G4-S01	Percentage of business locations with implemented local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> > Stakeholder dialogue > Social Commitment 	
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	<ul style="list-style-type: none"> > Social Commitment 	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	<ul style="list-style-type: none"> > Sustainable insurance solutions 	

Anti-corruption

G4-S04	Communication and training on anti-corruption policies and procedures	<ul style="list-style-type: none"> > Compliance structure and report 	
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Public Policy

G4-S06	Total value of political contributions by country and recipient / beneficiary	> Employee engagement and donations	
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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 our company in the reporting period or in previous years; consequently, there are no findings to report.
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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 our company in the reporting period or in previous years for non-compliance with laws and regulations. Nor have any non-monetary sanctions been imposed on us.
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Supplier Assessment for Impacts on Society

G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	> Supplier management	
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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	
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Sub-category: Product responsibility

G4-DMA	Management approach	> Product responsibility > Risk expertise > Customer orientation and satisfaction > Sustainability asset management > Data privacy	
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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 our 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		Our products are subject to extensive legal regulations. We consistently comply with legal provisions and our own internal standards exceed them in many areas.
G4-PR7	Incidents of non-compliance with advertising and marketing guidelines		We do 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 our 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	
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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 our company 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 us.
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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	
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Audit – Management Approach included in G4-DMA Product Responsibility

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