

CORPORATE GOVERNANCE PRINCIPLES

of Hannover Re

(Adopted at the Supervisory Board meeting of 25 November 2003, last changed at the Supervisory Board meeting of 24 March 2005)

1. Introduction

These Corporate Governance Principles of Hannover Re were adopted by the Executive and Supervisory Boards on 9 December 2002. Their aim is to further increase and constantly reinforce the trust placed in the company by current and future investors, business partners, clients, employees and the general public. Through consistent implementation of these principles at all levels of the Hannover Re Group, our position on the capital markets will also be strengthened. The Supervisory Board, the Executive Board and the employees of Hannover Re identify strongly with these principles. The Executive Board ensures that these Corporate Governance Principles, which are based on the German Corporate Governance Code, are observed throughout the Hannover Re Group.

2. Corporate Governance Commitment

2.1 The current version of the Corporate Governance Principles of Hannover Re will be made available to the public on the Internet and upon request also as a hard copy.

2.2 Hannover Re fully supports pragmatic and useful Corporate Governance Principles and recognises these as guidelines for its relevant activities. The goal of sustained growth in value creation for all our investors is deeply rooted in our company's philosophy. Our Corporate Governance Principles are reviewed on a regular basis and adjusted as needed. This is done on the basis of our corporate identity, internationally recognised "best practice standards" and legal requirements.

2.3 We will ensure implementation of and compliance with the Corporate Governance Principles throughout the Hannover Re Group of companies. For this purpose, a Corporate Governance Officer has been appointed and the Executive Board will report to the Supervisory Board on the level of fulfilment of the Corporate Governance Principles at least once a year.

2.4 The Executive and Supervisory Boards will report once a year in the annual report – which is also available on the Internet – on the status of Corporate Governance at the company. This annual reporting will also cover the reasons for any divergences from the recommendations of the German Corporate Governance Code.

3. Shareholders and the Annual General Meeting

3.1 As part of our public relations activities all shareholders are kept up to date on information regarding the company, including via the Internet. The information that is relevant to shareholders will be published in a timely manner and will include, among other things, the invitation to the Annual General Meeting and its agenda as well as any counter-motions and election proposals by shareholders and possible comments by the management. In addition, the results of any elections held at the Annual General Meeting will be published.

3.2 According to our Articles of Association, shareholders may vote by proxy via the Internet. The respective proxy holder will also be available at the Annual General Meeting to vote for shareholders who are present, but nevertheless prefer to vote by proxy.

3.3 A recording of the significant content of the Annual General Meeting will be made available to interested parties on the Hannover Re Internet website.

4. Cooperation between the Executive Board and Supervisory Board

4.1 The Executive Board is required to conduct the business of the company in accordance with applicable law and the Articles of Association as well as its internal rules of procedure. These rules deal in particular with the allocation of responsibilities and the cooperation among the members of the Executive Board.

4.2 In accordance with the internal rules of procedure, transactions of fundamental importance require the approval of the Supervisory Board. Such transactions include the determination of strategic principles and goals as well as decisions and measures that significantly change the asset, financial or earnings situation of the company. In the event of a take-over offer the Executive and Supervisory Boards will ensure – as appropriate – the participation of shareholders by convening a General Meeting.

4.3 The Executive Board will provide the Supervisory Board with regular and timely written updates which comprehensively cover all issues relating to the development of the business and the assessment of the risks faced by the company and its major subsidiaries. The Supervisory Board has specified in greater detail the disclosure and reporting duties of the Executive Board.

4.4 To the extent D&O (directors' and officers' liability insurance) coverage has been obtained for the members of the Executive and Supervisory Boards, this coverage contains an appropriate deductible.

5. Executive Board

5.1 The remuneration of the members of the Executive Board is shown in the notes to the consolidated financial statements, subdivided into fixed and variable amounts as well as performance-related long-term incentives.

5.2 The variable part of the compensation for the members of Hannover Re's Executive Board will depend on the results of the financial year as well as the increase in value. Such increase in value will be determined by using an appropriate reference value (share price of Hannover Re compared to the unweighted World Reinsurance Index). This reference value may not be changed afterwards. The total expenditure that can be incurred under the virtual stock option plan is limited by a cap.

5.3 In order to avoid potential conflicts of interest, the company may only grant loans to members of the Executive and Supervisory Boards or their relatives with the approval of the Supervisory Board.

5.4 Sideline work by members of the Executive Board, and in particular Supervisory Board positions held outside the Hannover Re Group, may only be accepted with the approval of the Supervisory Board.

5.5 Each member of the Executive Board shall disclose conflicts of interest to the Supervisory Board without delay and inform the other members of the Executive Board thereof. Major transactions and transactions with the company or its officers require the approval of the Supervisory Board.

5.6 Hannover Re attaches crucial importance to its risk management system, not least in the interest of its shareholders. The effectiveness of this system is constantly monitored.

6. Supervisory Board

6.1 The Supervisory Board advises the Executive Board on a regular basis and supervises its management of the company. The Supervisory Board appoints and dismisses the members of the Executive Board and together with the Executive Board provides for a long-term succession planning. In compliance with applicable law, the Supervisory Board consists of members elected by the shareholders as well as of employee representatives.

6.2 When selecting candidates to be proposed to the General Meeting for election to the Supervisory Board, the Supervisory Board will seek to ensure that such candidates have the knowledge and skills as well as the professional and personal experience required for the position. The selection of candidates will also reflect the international character of the company. All members of the Supervisory Board shall ensure that they have sufficient time to attend to their duties; potential conflicts of interest must be avoided. There is an age limit for members of the Supervisory Board.

6.3 Members of the Executive Board shall not be re-appointed earlier than one year before the end of their respective term of office; the age limit is to be observed.

6.4 In order to ensure that the Supervisory Board is independent in advising and supervising the Executive Board, not more than two former members of the Executive Board may serve as members of the Supervisory Board. Members of the Supervisory Board shall not perform executive or advisory tasks for important competitors of the company.

6.5 In order to deal with complex issues and depending on the specific company circumstances, the Supervisory Board will establish committees as provided for in its internal rules of procedure. Currently, these are the Committee for Executive Board Matters and the Audit Committee. The selection of committee members shall take into account their particular expertise.

6.6 The Audit Committee of the company deals with issues concerning accounting and risk management. This committee is also involved in questions concerning the required independence of the company's auditor, the award of the audit mandate, the identification of the focal points of the audit and the agreement of the audit fee.

6.7 The compensation of the Supervisory Board consists of fixed and variable components, depending on the performance of the company. When determining the level of compensation for the members of the Supervisory Board, appropriate consideration is given to Chair and Deputy Chair positions on the Supervisory Board as well as membership of committees. The compensation of the Supervisory Board is documented in the notes to the consolidated financial statements. Any remuneration that the company has paid to members of the Supervisory Board and any benefits granted for personally rendered services, particularly including consulting and mediation services, will be listed individually in the notes to the consolidated financial statements.

6.8 The auditor shall promptly report all findings and incidents arising out of the annual audit that are relevant to the tasks of the Supervisory Board. It is also incumbent on the auditor to inform the Supervisory Board and/or include appropriate remarks in the audit report if he discovers facts during the audit which reveal the incorrectness of any statement made by the Executive and Supervisory Boards in relation to the Code.

6.9 Each member of the Supervisory Board shall disclose to the Supervisory Board any potential conflicts of interest, in particular those resulting from consulting services

rendered for or corporate offices held with clients, suppliers, lenders or other business partners. In its report to the Annual General Meeting the Supervisory Board shall also describe any conflicts of interest that have occurred and how they were handled. In the event of significant and not merely temporary conflicts of interest affecting a particular member of the Supervisory Board, such member's mandate will be terminated.

6.10 At the suggestion of the Committee for Executive Board Matters, the full Supervisory Board will regularly review the structure of the compensation scheme for the Executive Board. The Committee for Executive Board Matters shall determine an appropriate amount of compensation – taking into account any group emoluments – for the members of the Executive Board based on a performance assessment and the financial position of the company.

6.11 The Chairman of the Supervisory Board shall inform the Annual General Meeting of the basic features of the compensation scheme for the Executive Board and of any changes thereto.

7. Transparency

7.1 The Hannover Re Group will observe the principles of transparency, up-to-dateness, openness, clarity and fair disclosure when communicating information to persons outside the company.

7.2 Up-to-date information will be provided through various media, particularly including the Internet and press releases, as well as by means of regular conferences with analysts. We accommodate the international character of our business and of our shareholders by publishing in several languages.

7.3 All information legally required to be published abroad will also be promptly disclosed in Germany.

7.4 Members of the Supervisory and Executive Boards of Hannover Re (and their spouses or registered partners and relatives of the first degree) shall report any purchase or sale of shares in the company or of derivatives issued by the company or its affiliates that are linked to the share price both to the respective issuer and the Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" - BaFin) as required by law.

7.5 In addition, the following information will be provided in the notes to the consolidated financial statements of the Hannover Re Group:

- The shareholdings, including options and other derivatives, held by individual members of the Executive and Supervisory Boards will be reported if these directly or indirectly exceed 1 % of the shares issued by the company.
- If the entire holdings of all members of the Executive and Supervisory Boards exceed 1 % of the shares issued by the company, these shall be reported and subdivided into holdings of members of the Executive Board and those of members of the Supervisory Board.

7.6 As part of our information policy, we will publish in sufficiently good time the anticipated dates of our main recurring publications (including the announcement of quarterly and year-end results, the annual report, interim reports, the Annual General Meeting) in a "financial calendar". All significant information published about the company will also be made available on the company's Internet website, in English as well as German.

8. Accounting and Annual Audit

- 8.1 During the financial year shareholders and third parties will be informed by means of interim reports. The consolidated financial statements and the interim reports will be prepared in accordance with internationally recognised accounting principles. The audit of the consolidated financial statements by the auditing company commissioned by the Supervisory Board will be carried out in accordance with internationally recognised audit standards.
- 8.2 The basic features of the compensation scheme as well as the concrete design of the virtual stock option plan for the management of the Group (Executive Board and members of the next two management levels) are explained in the annual report and on the company's website. Information is also provided in this context regarding the value of the stock options.
- 8.3 Due consideration shall be given to a sufficient degree of independence and an appropriate audit fee when selecting the annual auditor.
- 8.4 Insofar as the Hannover Re Group simultaneously employs different auditing companies for the required audits, care is taken to ensure that they all use the same accounting standards.
- 8.5 The quarterly reports and annual financial statements will be published in a timely manner following the end of the respective reporting period.
- 8.6 The annual report will contain a detailed report of participations equalling or exceeding 5% of the capital of both listed and unlisted companies together with any reciprocal participations. Trading portfolios of banks and financial services providers on which no voting rights are exercised will, however, be disregarded. The following information will be provided: name and registered office of the company, level of participation, amount of capital and reserves and result of the last financial year.
- 8.7 The consolidated financial statements will specify relations with shareholders that are to be categorised as related parties within the meaning of the applicable accounting rules.