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different

Sustainability at Hannover Re



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Published by
Hannover Rückversicherung AG
Corporate Communications

Karl-Wiechert-Allee 50
30625 Hannover
Tel. +49 511 5604-0
Fax +49 511 5604-1188
info@hannover-re.com
www.hannover-rueck.de
September 2011

Design
ANZINGER | WÜSCHNER | RASP
München

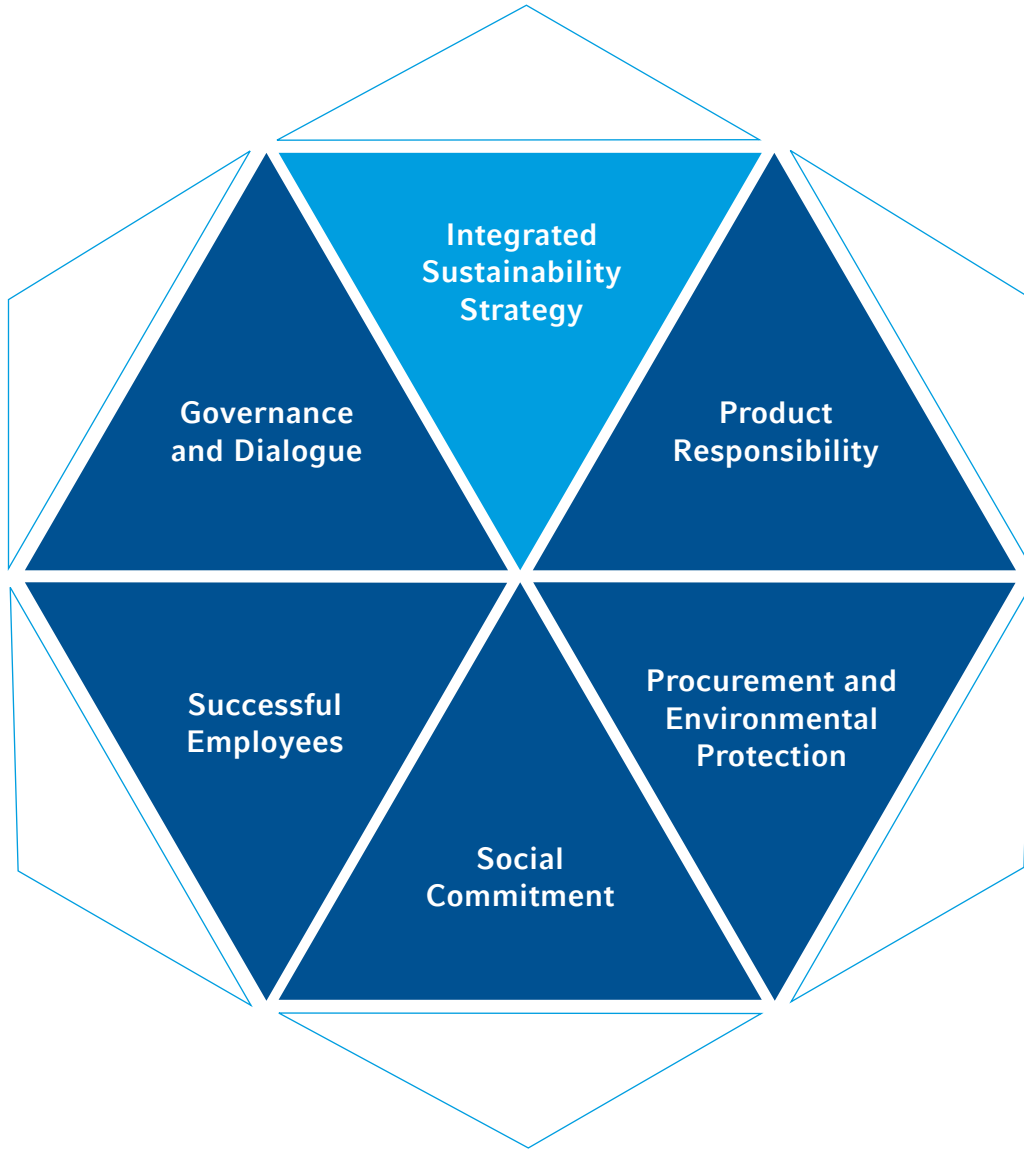
Illustration
Jon Krause

Sustainability at Hannover Re

As a leading enterprise in the reinsurance industry our commercial success is crucially dependent on the correct assessment of current and future risks. Given the growing complexity of the risk universe, sustainability considerations are also increasingly reflected in these risks. The topic therefore has a direct bearing on Hannover Re's operational business and, what is more, forms part of the understanding of our business. Our goal is to achieve commercial success on the basis of a solid business model in harmony with the needs of our staff and the company while also conserving the environment and natural resources. The issue of sustainability therefore constitutes a major integral component of our corporate strategy.

With the implementation of Performance Excellence the Hannover Re Group has long had at its disposal a forward-looking, holistic management system. Based on the EFQM (European Foundation for Quality Management) Excellence Model, it includes a clear focus on societal aspects. In this way, we are demonstrably assuming responsibility for a sustainable future.

Within the scope of our sustainability strategy we have defined the five most important subject areas from our perspective. The point of departure is an active dialogue with our relevant stakeholders and transparent reporting on our performance as it relates to sustainability. In our core business we are seeking to increasingly integrate internally and externally gained insights into risk assessment so as to be able to offer better protection against new risks. At the same time, we intend to be guided more closely by sustainability criteria in the management of our assets. Going forward, as in the past, we shall place special emphasis on the needs of our staff and foster not only their specialist development but also their personal advancement. We strive for the greatest possible reduction of greenhouse gas emissions caused by our day-to-day business activities in order to move closer to our goal of carbon neutrality. We shall also continue to engage in non-profit projects and to this extent shall fulfil our responsibility as part of society at home and abroad.



1. Governance and Dialogue

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

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

Measures

- ▶ We incorporate sustainability criteria as well as ethical principles into our risk strategy and apply them in our assessment of business, liability and reputational risks.
- ▶ We cultivate an open dialogue with the major stakeholder groups for our company (capital market, society, employees, clients) by way of face-to-face discussions, joint events, memberships and regular surveys. The results of this dialogue are used to further optimise our company.
- ▶ We report regularly on our performance as a responsible enterprise in the form of a sustainability report, which in future will be aligned with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G3.1).

2. Product Responsibility

Our reinsurance offerings are geared to the needs of the market and our clients. In view of the 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, institutional investors and private investors, our investment strategy strives to generate a commensurate market return. Our responsibility in this regard is also reflected in the incorporation of Environmental, Social, Governance (ESG) criteria into our investment policy.

Measures

- ▶ We structure and develop our product range in light of sustainability criteria. In so doing, we apply insights gained from our research into issues such as climate change, scarcity of resources and demographic change in order to identify emerging risks at an early stage and devise specific solutions.
- ▶ We motivate our clients to engage more intensively with the issue of sustainability and support them in the development of their sustainability offerings.
- ▶ In the management of our investments we shall take account of not only traditional financial aspects but also ESG, i.e. economic, social and governance, criteria.
- ▶ We shall strive to expand our activities in the agricultural insurance sector and in the area of microinsurance above and beyond our already existing involvement.

3. Successful Employees

Our employees are an absolutely crucial factor in the success of our company. This is also reflected in our corporate strategy. In order to ensure that we are consistently perceived as an attractive employer for both existing staff and potential new recruits alike, we pay special attention to their skills enhancement and further development. With this in mind, we offer them the best possible framework conditions and foster both their professional and personal growth.

Measures

- ▶ We take systematic steps to foster young talent through targeted support measures.
- ▶ We promote a healthy balance between work and leisure, inter alia through our variable range of part-time working models.
- ▶ We report transparently on key indicators in the area of human resources management.
- ▶ We conduct regular employee surveys in order to ensure the satisfaction of our staff.
- ▶ Most notably, we are committed to upholding human rights and to complying with the core labour standards of the International Labour Organisation (ILO) at all our locations.

4. Procurement and Environmental Protection

It is our stated objective to minimise the adverse ecological impacts of our business activities as far as possible. The focus of our environmental efforts is on reducing the CO₂ emissions associated with supplying energy and heat to our premises as well as those caused by business travel. Above and beyond this, we strive towards the economical and environmentally friendly use of (raw) materials and resources such as paper and water in our offices.

In the context of procurement we pay close attention to compliance with social and environmental standards when it comes to choosing products and selecting our suppliers.

Measures

- ▶ We define concrete targets and measures to protect the climate. For example, we aspire to operate on a carbon-neutral basis by the year 2015.
- ▶ We participate in initiatives designed to protect the climate and the environment, such as the "Climate Alliance Hannover 2020" and the "Ecological Project for Integrated Environmental Technology" (Ecoprofit).
- ▶ We are increasingly using videoconferences as an alternative to business trips. We make voluntary offsetting payments to the international organisation "atmosfair" for the carbon dioxide emissions caused by business travel.
- ▶ We compensate for unavoidable emissions by supporting selected climate protection projects in developing and emerging countries.
- ▶ We take part in the Carbon Disclosure Project (CDP) and report regularly on our climate strategy as well as our measures to reduce CO₂ emissions.
- ▶ We are implementing an environmental management system for our Home Office in Germany and are collecting the relevant key figures from all locations worldwide.
- ▶ We ensure that all our suppliers undertake to commit to environmental and social standards in their daily business and to comply with the minimum standards defined in our purchasing guidelines.

5. Social Commitment

As a globally operating company we recognise our obligations to society.

Our social involvement extends beyond our Home Office in Germany to include our subsidiaries, which conduct their own specific projects targeting social concerns in the individual countries. In terms of content, our assistance is concentrated on the areas of research, learning and art as well as on supporting the voluntary social engagement of our staff.

Measures

- ▶ Definition of the links between social commitment and our core business
- ▶ Transparent communication of expenditures for donations and sponsorship activities
- ▶ Definition of a Donations Guideline applicable worldwide
- ▶ Evaluation of the supported projects and communication of the results

Our Goals by 2013

- ▶ We report on our sustainability activities regularly, transparently and in line with customary industry standards.
- ▶ In terms of our sustainability efforts, we rank among the leading companies in our industry (oekom Research Prime Standard).
- ▶ Our standing and reputation have improved.
- ▶ We are included in the leading global sustainability indices, and investors perceive us as a sustainable investment.
- ▶ 100 % of our suppliers have been evaluated and found to be in compliance with our environmental and social standards.
- ▶ We have reduced our emissions and are on track to be carbon-neutral by 2015.

Glossary

▶ Agricultural insurance

Agricultural insurance covers provide protection for farmers, forestry operators and the fishing industry – especially in developing countries – against the consequences of natural disasters such as crop failures due to hail, windstorm, frost, flood damage or disease.

▶ Carbon dioxide reduction/neutrality

Carbon dioxide reduction/neutrality refers to the cutting/complete offsetting of greenhouse gas emissions.

▶ Carbon Disclosure Project (CDP)

The Carbon Disclosure Project (CDP) is a London-based non-profit organisation, which once a year collects data on behalf of investors regarding companies' CO₂ emissions and climate risks as well as their risk reduction targets and strategies with a view to creating greater transparency as to harmful greenhouse gas emissions.

▶ Environmental Social Governance (ESG)

An acronym consisting of the keywords Environmental, Social and Governance, ESG stands for responsible enterprise management. The term has become particularly popular among investors and financial analysts and it reflects the recognition of non-financial considerations in the evaluation of an enterprise.

▶ Global Reporting Initiative (GRI)

Working together with numerous stakeholder groups, the Global Reporting Initiative develops global guidelines for the preparation of sustainability reports by companies, governments and NGOs. Its aim is to create the greatest possible level of transparency and standardisation so as to facilitate comprehensive comparability.

▶ ILO Core Labour Standards

The ILO Core Labour Standards are set out in a declaration of the International Labour Organisation. It encompasses eight fundamental conventions which define minimum standards for working conditions that respect human dignity.

▶ Microinsurance

Microinsurances offer low-income population groups – especially in developing countries – protection against fundamental risks associated with, inter alia, health, disability, the consequences of natural disasters or unexpected crop failures.

▶ Socially Responsible Investing (SRI)

Socially Responsible Investing is a term describing an investment strategy which seeks to maximise both financial return and social good.

