

Corporate news

Hannover Re commits to net zero targets in reinsurance, investments and business operations

- **Group-wide targets in line with the Paris Agreement on climate change to limit global warming**
- **Company joins Net-Zero Insurance Alliance and commits to net zero target by 2050 in reinsurance business**
- **Reduction of 30% in carbon intensity of investments by 2025 and net zero target by 2050**
- **Net zero target in operational activities by 2030**

Hannover, 13 October 2021: Hannover Re is committing to achieve net zero emissions in business operations by 2030 and in its reinsurance portfolio and investments by 2050. In setting these targets Hannover Re supports the Paris Agreement on climate change aimed at limiting global warming to 1.5 degrees Celsius.

Hannover Re's recent move to join the United Nations-convened Net-Zero Insurance Alliance underscores its Group-wide sustainability engagement. By committing to achieve the net zero targets Hannover Re is taking a major step towards advancing the transition to a climate-friendly economy. Hannover Re will report on its progress on a regular basis.

"Hannover Re's clear Group-wide commitment to net zero targets and our membership of the Net-Zero Insurance Alliance are the next concrete steps in the progressive expansion of our sustainability engagement," Jean-Jacques Henchoz, Chief Executive Officer of Hannover Re, said. "The insurance industry is undergoing a transformation towards greater sustainability and we want to shape this transition in a dialogue with our customers and peers. We are aware of our responsibility as a global reinsurer and we shall support industry-wide solutions to manage the consequences of climate change."

Further underscoring its commitment to sustainability, Hannover Re is already a signatory to the *United Nations Global Compact* as well as the United Nations-initiated *Principles for Responsible Investment* and *Principles for Sustainable Insurance* and it has joined the *United Nations Environment Programme Finance Initiative* (UNEP FI).

Net zero target in reinsurance business by 2050

In the context of the Net-Zero Insurance Alliance Hannover Re will take a proactive role in developing methods to determine the greenhouse gas emissions of reinsured customer portfolios in property and casualty

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business. Only in this way will it be possible to actively steer the often large-volume portfolios with sometimes heterogeneous risks towards a net zero target.

In obligatory reinsurance, which covers entire portfolios, the calculation of the carbon footprint is a first major step towards achieving concrete reduction targets. This is considerably more complex here than in facultative reinsurance with its focus on individual risks.

As part of its exit plan for thermal coal, Hannover Re already began to open a dialogue with its clients last year in obligatory reinsurance. This will be pivotal to accomplishing the complete withdrawal from coverage of risks connected with the mining of and power generation from thermal coal by the year 2038 in the entire property and casualty reinsurance portfolio – a move that was decided on in 2019.

In its facultative department specialising in individual risks, it has already been the case since April 2019 that Hannover Re no longer provides coverage for any planned new coal-fired power plants or thermal coal mines. Moreover, since February 2020 the facultative department has ruled out any new business connected with thermal coal or the associated infrastructure as well as covers relating to oil sands extraction and processing. Project covers for oil and gas exploration in the Arctic are similarly excluded.

In support of the global energy transformation Hannover Re also encourages the growth of renewable energy sources such as onshore and offshore wind power as well as photovoltaic and geothermal energy through expansion of the associated reinsurance business.

Net zero target in the investment portfolio by 2050

When it comes to investments, Hannover Re's climate strategy is in conformity with the goals of the Paris Agreement on climate change and aims to reduce the carbon intensity, i.e. the proportion of carbon dioxide emissions relative to sales, in the investment portfolio and to support exposures that lower CO₂.

At the heart of the climate strategy is the decarbonisation of Hannover Re's investments. The first interim target is a 30% reduction in the carbon intensity of the asset classes corporate bonds, covered bonds and equities by the year 2025 compared to the base year of 2019 and the attainment of climate neutrality in this area by 2050. This goal will be accomplished through active portfolio management. The affected asset classes accounted for roughly 39% of Hannover Re's total investment portfolio as at the end of June 2021. Over the medium term, the intention is to measure and reduce the carbon intensity for further asset classes such as real estate.

Another step towards putting Hannover Re's investments on a more climate-friendly footing is an increased emphasis on sustainable investments that counteract climate change – such as in the area of

infrastructure – or that explicitly advance the United Nations Sustainable Development Goals. These include, most notably, investments in impact investment funds, the goal of which is to generate concrete and measurable positive impacts on the environment and society.

Net zero target in business operations by 2030

Environmental management for Hannover Re's operational business activities is another cornerstone of the Group's sustainability strategy. Hannover Re has already been operating with a net zero carbon footprint at its Hannover location since as long ago as 2016; by the year 2030 this target is to be achieved for all business operations worldwide.

For the international locations Hannover Re is similarly pursuing a three-pronged strategy comprised of the reduction of energy consumption, substitution of fossil fuels by renewable energy sources and offsetting of unavoidable greenhouse gas emissions in order to achieve its net zero targets. A key focus here is on scaling back business travel as well as on environmentally friendly building technology.

Transparent reporting on target achievement

In the context of its annually published sustainability report Hannover Re will provide transparent information about progress made towards the more sustainable orientation of its entire business model. Furthermore, since 2012 Hannover Re has set itself sustainability targets in its own sustainability strategy which are reviewed and refined every three years.

"We must all play our part in fighting climate change. For us, this means that moving forward we shall put Hannover Re on an even more sustainable footing," Henchoz said. "The latest report by the Intergovernmental Panel on Climate Change (IPCC) has once again made clear the need to take urgent and consistent action. The forum provided by the COP26 climate change conference offers an important opportunity to take further concrete decisions. The risk expertise of insurers and reinsurers has a key role to play when it comes to quantifying the risks of global warming and better adapting cities and buildings to climate change."

Hannover Re, with gross premium of more than EUR 24 billion, is the third-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with more than 3,000 staff. Established in 1966, the Hannover Re Group today has a network of more than 170 subsidiaries, branches and representative offices worldwide. The Group's German business is written by the subsidiary E+S Rück. The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück outstanding financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

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