

UNEP-FI Principles for Sustainable Insurance (PSI)

The Principles for Sustainable Insurance (PSI) launched in 2012 at the UN Conference on Sustainable Development highlight the role of insurance in shaping a more resilient future and serve as a global framework for the insurance sector to address environmental, social and governance (ESG) risks and opportunities.

In April 2021, Hannover Re became a signatory to the PSI and thus joined the United Nations Environment Programme Finance Initiative (UNEP-FI). This step supports the goals of our sustainability strategy and in concert with strong allies helps us to tackle the pressing challenges of our time such as climate change and closing the protection gap.

We support the call of the PSI initiative for transparency. The required public disclosure of progress is integrated into the present sustainability report. The following table provides an overview of the sections in which our individual activities relating to the Principles can be located.

Principles for Sustainable Insurance

Principle	References
<p>Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.</p>	<p>In our "Striving for sustainable outperformance", corporate social responsibility – as part of our Group strategy – together with robust governance, risk management and integrated compliance establish the foundations for our growth as a trusted global reinsurance partner. Associated topics are specified in greater detail in our sustainability strategy, in which we define goals and target indicators in relation to our insurance business, among other things. For further information on ESG in our core business, please see the chapter of this report entitled "Core business".</p> <p>When it comes to our risk management, environmental, social and governance (ESG) issues play a similarly important role. As a general principle, ESG risks can affect all areas of our risk landscape and are considered in our risk management systems. For a detailed description of our managements of ESG risks please see the risk report in our Group Annual Report.</p> <p>In the reporting period we took the following steps:</p> <ul style="list-style-type: none"> • Integration of corporate social responsibility into our new Group strategy 2021 – 2023 as the foundation for long-term success (see Group Strategy 2021 – 2023) • Further integration of ESG risks into risk management (see risk report in the Group Annual Report 2020) • Definition of measures to support the goals of the Paris Agreement on climate change and to uphold human rights due diligence in conformity with the UN Guiding Principles on Business and Human Rights in our new sustainability strategy (see Sustainability Strategy 2021 – 2023) • Integration of ESG criteria into our internal underwriting policy for facultative reinsurance (see section "ESG in insurance business") • Development of an internal Sustainability/RepRisk Framework (see section "ESG in insurance business") • Adoption and entry into force of the phased plan for a progressive withdrawal from thermal coal by 2038 in property and casualty reinsurance (see section "ESG in insurance business")

- Development of a climate strategy for our investments (see section "ESG in asset management")
- Signing the Principles for Responsible Investment (see section "ESG in asset management")

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

The organisation of our core business gives us vital leverage for our contribution to the sustainable development of our world. In property and casualty reinsurance we are focused primarily on population groups that hitherto had too little insurance protection or difficulty accessing it (closing the protection gap), insurance solutions to mitigate the impacts of natural catastrophes or climate change and involvement in sustainable technologies. This also includes dialogue and knowledge sharing with primary insurers, partners or insurtechs that support these goals. As part of the phased exit plan for thermal coal, for example, we hold talks with our primary insurance customers that may have exposures. An information paper was developed as a supporting tool, providing customers with background information and setting out Hannover Re's position.

In life and health reinsurance we are similarly focused on closing the protection gap and on partnerships (such as with insurtechs/healthtechs) in order to be able to offer insurance solutions appropriately tailored to such (still) inadequately insured groups of persons. One example here is our cooperation with BIMA. In addition, we develop innovative longevity products and are active for our customers above all in the areas of digitalisation and services. In the investment sector, we have set ourselves the goal of stepping up our efforts to engage with various stakeholders in our new climate strategy for asset management. These include proxy voting, direct engagement or the inclusion of PRI initiatives.

In the reporting period we took the following steps:

- Definition of appropriate measures in our new sustainability strategy (see Sustainability Strategy 2021 – 2023)
- New climate strategy in asset management with increased engagement activities

For further information on the aforementioned activities, please see the chapter "Core business" and the section "Dialogue" in the chapter "Transparency".

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Even if we were not aware of it before, the Covid-19 pandemic has shown us that global problems can only be resolved successfully through integrative partnerships. Partnerships between governments, the private sector and civil society as well as scientists and academics that are based on a common vision can achieve the goals for sustainable development – above all through long-term investments in critical areas, especially in emerging and developing countries.

We also want to play our part in sustainable development and are committed not only to an active and ongoing dialogue with our customers and business partners (see Principle 2) but also to strong partnerships and an exchange of views with governments, regulatory authorities and other major actors. In our new Sustainability Strategy 2021 – 2023 we have set ourselves the goal of taking part in various initiatives and programmes to develop sustainable insurance solutions and actuarial methods for the assessment of risks from natural perils and climate change with a wide range of partners. With this in mind, we are involved in, among other things, a number of initiatives to close the protection gap in developing countries, in both property and casualty reinsurance and life and health reinsurance. For example, we are a

member of the Munich Climate Insurance Initiative (MCII) and participate in several working groups of the Geneva Association.

In the reporting period we took the following steps:

- Definition of appropriate measures in our new sustainability strategy (see Sustainability Strategy 2021 – 2023)
- Since April 2021 our Chief Executive Officer Jean-Jacques Henchoz has been a member of the "Risk Modelling Steering Group" (RMSG) of the Institut der Finanzdienstleistungen (IDF)
- New cooperation with the Moroccan Ministry of Finance and the Solidarity Fund for Catastrophic Events (FSEC) on the development of a traditional and parametric insurance solution to provide the local population with financial protection against earthquakes, floods, tsunamis and terrorism risks

For a list and description of our other current memberships, initiatives and partnerships as well as detailed information, please see the section "Sustainable Protection" in the chapter "Core business" as well as the section "Dialogue" in the chapter "Transparency".

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

The trust of our stakeholders is a vital prerequisite for our entrepreneurial success. With this in mind, we cultivate an active ongoing dialogue. In this connection, we identified the issue of transparency as a material topic in our 2020 materiality analysis and report regularly and transparently on relevant matters. We record our progress in implementing the PSI annually in our sustainability report, which is published on our website.