

**somewhat  
different**

4 May 2021

# Corporate Governance Principles

## Corporate Governance Principles of Hannover Rück SE

The Corporate Governance Principles of Hannover Rück SE were adopted by the Executive Board and Supervisory Board in the present updated version in 2021. They are intended, in particular, to further promote the trust placed in the company and the Group by current and future shareholders, business partners, clients, employees and the public at large. Through consistent implementation of these principles on all levels of Hannover Rück SE, our position on the capital markets is also strengthened. The Supervisory Board, the Executive Board and the employees of Hannover Rück SE identify with these principles, which are based on the German Corporate Governance Code. The Executive Board ensures that the principles are observed throughout the Group.

In addition to these Corporate Governance Principles, Hannover Rück SE has adopted its own [Code of Conduct](#) that is applicable worldwide as a set of minimum standards.

### 1. Corporate Governance Commitment

- 1.1 We aspire to be consistently guided by the highest ethical and legal standards both in strategic considerations and in day-to-day business; for it is the case that the demeanour, actions and behaviour of every individual shape how Hannover Re is perceived. Hannover Rück SE recognises the Corporate Governance Principles as guidelines for its activities and acts on them in a sensible and pragmatic manner. The goal of generating a sustained increase in value for our shareholders is enshrined in our corporate philosophy and strategic orientation.
- 1.2 The current version of the Corporate Governance Principles of Hannover Re is published on the company's website. It is reviewed at regular intervals and adjusted as necessary. This is done against the backdrop of our purpose and values, internationally valid best practice standards as well as legal requirements.
- 1.3 The Executive Board and Supervisory Board report once a year in the Annual Report – which is also available online – on the company's corporate governance. The annual reporting also covers the reasons for any divergences from the recommendations of the German Corporate Governance Code. In addition to the currently valid Declaration of Conformity pursuant to § 161 Stock Corporation Act (AktG), the versions from previous years can also be accessed online.

### 2. Shareholders and Annual General Meeting

- 2.1 Hannover Rück SE holds an Ordinary General Meeting annually at which shareholders are able to exercise their rights in company matters. Each no-par-value share entitles the holder to one vote. The Annual General Meeting elects the shareholder representatives on the Supervisory Board and decides on all matters expressly provided for by law and in the [Articles of Association](#). These include the ratification of the acts of management of the Executive Board and of the Supervisory Board, the appropriation of the disposable profit, the remuneration of the Supervisory Board and amendments to the company's Articles of Association.
- 2.2 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 is published in a timely manner and includes, among other things, the invitation to the Annual General Meeting and its agenda as well as any countermotions and election nominations from shareholders and potentially comments by management. In addition, the ballot results are published after the Annual General Meeting.

- 2.3 If the company has appointed proxies and if these proxies are authorised to exercise voting rights, the authorisation may be given in any form permitted by the company within the limits provided for by law. Details concerning the authorisation of proxies are announced together with the notice convening the Annual General Meeting.
- 2.4 A recording of the opening of the Annual General Meeting and the address by the Chief Executive Officer is made available to interested parties on the website of Hannover Rück SE.

### **3. Cooperation between the Executive Board and Supervisory Board**

- 3.1 The Executive Board conducts the company's business in accordance with applicable laws and the Articles of Association as well as the internal rules of procedure adopted by the Supervisory Board. The rules of procedure deal in particular with the schedule of Executive Board responsibilities and the cooperation among the members of the Executive Board.
- 3.2 The rules of procedure define transactions and matters of fundamental importance that require the approval of the Supervisory Board. These include the determination of strategic principles and goals as well as decisions or measures that significantly influence the net assets, financial position or results of operations of the company. In the event of take-over offers, the Executive Board and Supervisory Board ensure – as appropriate – the participation of shareholders by convening a General Meeting.
- 3.3 The Executive Board provides the Supervisory Board with regular and timely written updates that comprehensively cover inter alia the development of business and the risk position of the company and its major Group entities. The Supervisory Board has specified in greater detail the disclosure and reporting duties of the Executive Board.
- 3.4 The D&O (directors' and officers' liability insurance) coverage taken out for the Executive and Supervisory Boards takes into account the legal requirements regarding a deductible for the members of the Executive Board.

### **4. Executive Board**

- 4.1 The Executive Board leads the company at its own responsibility in the company's interest.
- 4.2 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.
- 4.3 Sideline work by members of the Executive Board, and in particular seats on supervisory boards at non-Group companies, may only be taken on with the approval of the Supervisory Board.
- 4.4 Each member of the Executive Board shall disclose conflicts of interest to the Chairs of the Executive and Supervisory Boards without delay and inform the other members of the Executive Board thereof.
- 4.5 Hannover Rück SE attaches paramount importance to its compliance and risk management system, not least in the interest of its shareholders. The effectiveness of these systems is constantly monitored.

## 5. Supervisory Board

- 5.1 The Supervisory Board advises the Executive Board on a regular basis and supervises its management of the company. It appoints the members of the Executive Board and works together with the Executive Board to ensure long-term succession planning in accordance with a systematic approach and giving consideration to diversity targets. In compliance with statutory requirements, the Supervisory Board consists of members elected by the shareholders as well as of employee representatives. The Supervisory Board regularly reviews how efficiently the Supervisory Board as a whole and its committees perform their functions.
- 5.2 When selecting candidates to be proposed to the Annual General Meeting for election to the Supervisory Board, care is taken to ensure that such persons have the knowledge, skills and professional experience required for the position. The criterion here shall be the topic areas that the Supervisory Board has determined to be significant for the Hannover Re Group. In addition, the selection process gives due consideration to the principle of diversity and importance is attached to an adequate number of independent members. The members of the Supervisory Board ensure that they have sufficient time available to attend to their duties; potential conflicts of interest are to be avoided. In accordance with the [Rules of Procedure of the Supervisory Board](#), members of the Supervisory Board shall not be older than 72 at the time of their election and since the election of the new Supervisory Board in 2014 they shall not have served on the Supervisory Board for more than three consecutive full terms of office. The provisions of Part III. (Co-determination) contained in the form of the SE Participation Agreement dated 23 January 2013 are to be observed with respect to the elected employee representatives.
- 5.3 Members of the Executive Board shall normally not be re-appointed earlier than one year before the end of their respective term of office; furthermore, the age limit of 65 defined in the rules of procedure of the Supervisory Board shall be observed. The terms of office are to be set in such a way that they end at the latest in the month in which the member of the Executive Board turns 65.
- 5.4 In order to ensure that the Supervisory Board is independent in advising and supervising the Executive Board, no 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 significant competitors of the company.
- 5.5 In order to deal with complex issues and depending on the specific company circumstances, the Supervisory Board establishes committees as provided for in its rules of procedure. Currently, these are the Standing Committee, the Finance and Audit Committee and the Nomination Committee. The selection of committee members is guided principally by the particular specialist expertise required. In addition, the members of the Supervisory Board are supported by Hannover Rück SE with (further) training measures.
- 5.6 The Finance and Audit Committee deals inter alia with issues concerning accounting and risk management. The committee also considers the question of the independence of the external auditor, the awarding of the audit mandate to the external auditor and the determination of the audit concentrations.
- 5.7 The remuneration of the Supervisory Board provides for purely fixed remuneration with effect from the 2021 financial year onwards. When determining the level of remuneration for the members of the Supervisory Board, appropriate consideration is given to Chair and Deputy Chair functions as well as the membership of committees. The remuneration paid by the company to the members of the Supervisory Board as well as any benefits

granted for personally rendered services, particularly including consulting services, are disclosed individually and broken down into their constituent elements.

- 5.8 The external auditor promptly reports all findings and incidents arising out of the conduct of the audit that are of relevance to the tasks performed by the Supervisory Board. It is also incumbent on the external auditor to inform the Supervisory Board and/or include appropriate remarks in the audit report if he discovers facts during the conduct of the audit that reveal any incorrectness in the declaration made by the Executive and Supervisory Boards regarding conformity with the German Corporate Governance Code.
- 5.9 Each member of the Supervisory Board discloses to the Supervisory Board any potential conflicts of interest, in particular those resulting from consulting services rendered for or executive offices held with clients, suppliers, lenders or other business partners. Furthermore, in its report to the Annual General Meeting the Supervisory Board describes 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.
- 5.10 The full Supervisory Board regularly reviews the structure of the remuneration scheme for the Executive Board. The Supervisory Board determines an appropriate amount of remuneration for the members of the Executive Board – taking into account any Group emoluments – based on a performance assessment and the financial position of the company.
- 5.11 The Supervisory Board determines the remuneration scheme for members of the Executive Board and submits it to the Annual General Meeting for approval. The total remuneration of each member of the Executive Board is disclosed annually by name, split into fixed and variable components as well as components with a long-term incentive effect.

## **6. Transparency**

- 6.1 Hannover Rück SE observes the principles of transparency, up-to-dateness, openness, clarity and equal treatment ("fair disclosure") when communicating information to persons outside the company.
- 6.2 Up-to-date information is provided through various communication channels, particularly including the Internet and press releases, as well as by means of regular conferences with analysts. We accommodate the international dimension of our business and of our shareholders by publishing in several languages.
- 6.3 Members of the Executive and Supervisory Boards of Hannover Rück SE (and their spouses or registered partners, dependent children and other relatives who have lived in the same household as the Executive or Supervisory Board member for at least one year) report – as soon as the amount limit above which such a report must be filed is reached or exceeded – the purchase or sale of shares in Hannover Rück SE or of other financial instruments dependent on the market price of the shares of Hannover Rück SE to the issuer, who is responsible for providing corresponding notification to the Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht").
- 6.4 As part of our information policy, we 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 is also made available on the company's website, in English as well as in German.

## **7. Accounting and External Auditing**

- 7.1 During the financial year shareholders and third parties are kept informed by means of interim statements and reports. The consolidated financial statements and the interim statements/reports are prepared in accordance with internationally recognised accounting principles. The auditing of the consolidated financial statements by the firm of auditors commissioned by the Supervisory Board is carried out in accordance with internationally recognised audit standards.
- 7.2 Due consideration is given to a sufficient degree of independence and an appropriate fee when selecting the external auditor. The requirement to regularly change the external auditor is similarly taken into account.
- 7.3 The quarterly reports and annual financial statements are published in a timely manner following the end of the respective reporting period.

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