

Virtual Annual General Meeting on 6 May 2020

Counter motions

The following counter motions regarding the Annual General Meeting on 6 May 2020 were received by us in due time. You can support these counter motions by voting NO on the relevant agenda items 2 and 3 and thereby voting against the proposals of Management.

Hannover, 22 April 2020

Counter-motion regarding agenda item 2, resolution on the appropriation of the disposable profit

The Association of Ethical Shareholders (Dachverband der Kritischen Aktionärinnen und Aktionäre) moves that a dividend shall not be distributed. Instead, the disposable profit is to be used as a provision for the assumption of risks arising out of the coronavirus pandemic.

Justification:

By omitting a dividend, the shareholders of Hannover Re can help to mitigate the economic and social costs resulting from the coronavirus pandemic. The European Insurance and Occupational Pensions Authority (EIOPA) is similarly calling on reinsurers not to pay a dividend in view of the fact that the impacts of the coronavirus pandemic can still scarcely be foreseen.

Furthermore, Hannover Re shall be put in a position to take a particularly accommodating approach when it comes to applying reinsurance covers of insurance policies taken out for business closures, business interruptions and loss of earnings to the consequences of the coronavirus pandemic. In situations that threaten a company's survival, these should apply even if insurers have not taken out such reinsurance protection. Insurers will thus be able to cover part of the costs resulting from the coronavirus pandemic, without themselves getting into difficulties or leaving society to carry the costs on its own.

This would less be an act of charity, but rather a case of living up to the social responsibility of ownership pursuant to Article 14 (2) of the Basic Law: "Property entails obligations. Its use shall also serve the public good."

Counter-motion regarding agenda item 3, resolution ratifying the acts of management of the members of the Executive Board for the 2019 financial year

The Association of Ethical Shareholders (Dachverband der Kritischen Aktionärinnen und Aktionäre) moves that the acts of management of the members of the Executive Board shall not be ratified.

Justification:

The Executive Board of Hannover Rück SE fails to adequately fulfil its responsibility to implement more effective measures to protect the climate and respect human rights. The measures taken to date are not sufficient to make an adequate contribution towards achieving the goals of the Paris Agreement on climate action and those of the UN Global Compact, to which Hannover Re has committed itself.

Exclusion of all fossil fuels required

In order to limit the risks and impacts of climate change to an acceptable extent – something in which Hannover Re, too, should have a strong self-interest – global warming must be restricted to no more than 1.5 degrees. Given that Hannover Re makes explicit reference to the goals of the Paris Agreement on climate action, the Group must begin to make plans for its withdrawal from not only coal but from all fossil fuels, because the burning of all fossil fuels drives climate change. The climate-related goals and measures as well as the portfolio of Hannover Re must be urgently subjected to independent scientific review in order to determine whether the Group is living up to the 1.5-degree target set by the Paris Agreement. In the insurance sector there is no lack of companies that Hannover Re could be guided by.

Loopholes in the withdrawal from coal-based risks

In its underwriting policy for coal-based risks, under which the general principle is that reinsurance will no longer be provided for any planned new coal-fired power plants and mines, Hannover Re explicitly allows for exceptions. These relate to countries in which coal accounts for a particularly large share of the energy mix and in which sufficient access to alternative energy sources is not available. While it is envisaged that such exceptions can only be made after review and will be limited, the vagueness surrounding them nevertheless leaves so much room for interpretation that many exceptions are conceivable. Yet from the perspective of the climate every newly built coal-fired power plant must be avoided. Moreover, the rules apply only to individual risks and leave out collective reinsurance arrangements (treaty reinsurance). The complete end to covers for coal-based risks in 2038 is also set too late, because the EU needs to exit coal by 2030 if the climate targets are to be met. The underwriting policy must be rectified in these respects.

Lack of transparency in the fulfilment of duties of care with respect to human rights

Hannover Re fails to demonstrate adequately to us how and whether risks to human rights are identified, assessed and minimised, particularly in connection with the reinsurance of

large industrial projects. Hannover Re thereby falls short of the requirements of the UN Guiding Principles on Business and Human Rights (UNGPs) for business activity. For example, there is an urgent need for robust, transparent and risk-appropriate criteria in the policy for reinsuring dams associated with hydropower plants and for tailings in the mining industry. Particularly in these cases, preventable disasters occur time and again in Latin America, a region which is so important to Hannover Re. Hannover Re is involved, for example, in the catastrophic Hidroituango dam in Colombia as a reinsurer of the participating insurers and had to pay out almost EUR 50 million in 2018 for destruction that could have been avoided.

Comment by Management:

We consider the counterarguments to be unfounded. We therefore recommend voting YES in the votes on agenda items 2 and 3 and hence in favour of the resolution on the appropriation of the disposable profit and ratifying the acts of management of the members of the Executive Board for the 2019 financial year. We shall comment in greater detail at the Annual General Meeting.

Hannover, 22 April 2020

The Executive Board