

Tax Strategy

Introduction

Hannover Rück SE is a multinational reinsurance company which aims to comply with the tax rules of each country it operates in. This document describes Hannover Rück SE's approach to conducting its tax affairs and dealing with tax risks. This tax strategy, approved by the Chief Financial Officer of Hannover Rück SE, applies to Hannover Rück SE including its worldwide Branches. It is derived directly from the overall strategy of the Hannover Re Group, according to which governance, risk management, compliance and corporate social responsibility are defined as sound foundations for continuing its business growth as a trusted global reinsurance partner.

Hannover Rück SE's attitude towards the treatment of taxes is being a fair and reliable partner to its clients, our employees and shareholders and to all external regulatory compliance bodies, including tax authorities. Hannover Rück SE considers its obligation to pay the amount of tax legally due in any territory in accordance with the rules set by local governments. It is committed to acting in a prudent and responsible manner. Hannover Rück SE is an open, transparent and dependable taxpayer.

Hannover Rück SE's approach to Governance Arrangements and Risk Management

Hannover Rück SE has introduced a set of rules for all its employees worldwide. This code of conduct¹ explains the fundamental purpose & values for the Group:

"The success of any corporation relies to a large extent on its integrity in dealing with all internal and external partners. It has always been our aim – both in our strategic planning and in our day-to-day business activities – to place the utmost importance on ethical and legal standards since the manner and behaviour of every one of us, whether a member of the executive board or an employee, have an impact on the image projected by Hannover Re.

Our Corporate Strategy and Governance Principles are intended to help compliance with essential rules in acting with integrity in our dealings with all internal and external partners. These principles have been designed to help counter the challenges facing each and every one of us in his/her day-to-day business activities."

All employees of Hannover Rück SE dealing with taxes are committed to conduct the tax affairs to achieve the following objectives:

- Compliance with all relevant laws, rules, regulations and reporting requirements in the jurisdictions in which it operates;

¹ The current version of the Hannover Rück SE Code of Conduct is available at: <https://www.hannover-re.com/50943/code-of-conduct.pdf>

- Establish and manage robust tax governance processes to ensure full compliance with tax disclosures and filing obligations;
- Ensure professional diligence and care in the management of all tax risk matters; and
- Work in a collaborative, constructive, transparent and proactive way with policy makers and revenue authorities.

Effective risk management enables Hannover Rück SE to identify uncertainties at an early stage and therefore be able to establish suitable measures to mitigate potential adverse consequences. This includes financial risks in the form of interest on tax payments, fines or penalties, as well as damage to the reputation of Hannover Rück SE or a lasting deterioration in its relationship with the authorities.

In that sense recognition of taxation issues is an essential part of our global tax risk management. Hannover Rück SE ensures that tax risk management is part of its internal control systems by having robust processes in place for identifying and addressing tax risks. Through all countries senior management meet on a regular basis to discuss various financial issues including tax. Additionally once a year a mandatory tax questionnaire gathers a detailed set of information to be presented to the Executive Board. Hannover Rück SE's Transfer Pricing guideline supports the dealing at arm's length pricing approach throughout the Group which meets OECD requirements.

Where necessary Hannover Rück SE obtains advice from external qualified tax professionals on issues such as direct & indirect or employment tax matters, transfer pricing or other tax aspects which form part of its tax return processes.

Level of acceptable Tax Risk

Hannover Rück SE manages tax risks to ensure compliance with legal requirements in a manner which ensures payment of the right tax amount.

Hannover Rück SE does not engage in aggressive tax planning strategies, instead seeking to minimize its tax liability whilst complying with the relevant laws and regulations. Advice is sought from external advisers where uncertainty exists.

Tax Planning Approach

Hannover Rück SE recognises its responsibility to pay an appropriate amount of tax in each jurisdiction in which it operates and seeks to minimise the risk of dispute with Tax Authorities by being open and transparent about its tax affairs. Hannover Rück SE aims to balance this with the responsibility to shareholders and clients to structure its and their affairs in an efficient manner. Hannover Rück SE does not utilize corporate structures aimed at aggressive tax planning or tax avoidance. This is especially reflected in the Group's effective tax rate.

Dealing with Tax Authorities

Hannover Rück SE cooperates intensively with public institutions and local financial authorities with the aim of fostering an enduring, open and constructive approach to discussing tax matters. Hannover Rück SE takes care to ensure its tax affairs are reported accurately. In the event of identifying an error in a filed tax return, Hannover Rück SE would seek to voluntarily disclose it, quantifying the effect and paying any additional tax amount and any interest due.

Special UK requirements

Hannover Rück SE regards the publication of this tax strategy as complying with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish the tax strategy in the current financial year.