

# Foreword

## Ladies and gentlemen,

After five years of rather low loss levels, 2017 was overshadowed by a number of devastating natural disasters. Along with numerous other events, hurricanes Harvey, Irma and Maria were particularly notable for causing insured losses appreciably in excess of USD 100 billion. With net large loss expenditure of EUR 1.1 billion, Hannover Re – in common with other market players – was significantly impacted by these natural catastrophes.

Reinsuring our clients against such events is at the very heart of our business model in property and casualty reinsurance. It is pleasing to report that the losses from these natural disasters were reflected in the amounts anticipated in our risk management system based on the exposure. Consequently, we did not incur any unexpectedly heavy strains and our financial strength remained unaffected.

Even in the challenging 2017 financial year, we generated a result – with a return on equity of 10.9 percent – that comfortably beats our minimum target of 900 basis points above the risk-free interest rate. The Group net income of EUR 959 million therefore constitutes a satisfactory performance – also by industry standards. In keeping with our strategic objectives, we thus posted a higher profit than our competitors did. Furthermore, it showed the reduced volatility of our results.

I would now like to elaborate on some key points concerning sustainability in the 2017 financial year.

As part of our regular review of the corporate strategy we adjusted and reformulated our sustainability strategy to reflect the changing business environment. It defines the four action fields of Governance and Dialogue, Product Responsibility, Employees as well as Environment and Society. Within these action fields we specify concrete goals and measures that are to be accomplished and implemented over the strategy cycle.

In addition to the revised Group Strategy and Sustainability Strategy, we developed a Digitalisation Strategy for the first time in 2017. In this connection business processes are to be optimised in such a way as to enable us to reduce our environmental footprint. Electronic administration systems, digital signatures and teleconference rooms, for example, facilitate efficient and paperless working processes and enable us to be a positive factor in climate change.

In the management report that forms part of the Group Annual Report 2017 we published for the first time a Non-Financial Information Statement covering environmental concerns, employee matters, social concerns, respect for human rights and measures to combat corruption and bribery. Material risks are to be reported here, insofar as this is necessary for an understanding of the business development, business results, position of the Group and the implications for non-financial matters. By publishing the Non-Financial Information Statement we are in conformity with the reporting requirements applicable in Germany pursuant to the CSR Directive Implementation Act (CSR-RUG).

Sustainability aspects to some extent have direct strategic and operational relevance to our reinsurance products and the management of our investments. On the insurance side, this is particularly true of reinsurance solutions like for instance renewable energies or technologies to reduce CO<sub>2</sub> emissions. As far as our investments are concerned, with effect from 2018 we are excluding issuers in the fossil fuels industry that generate 25% or more of their turnover from coal mining and coal-based power generation.

For our company, sustainability encompasses numerous topics beyond just digitalisation and climate change. We explored a variety of trends, including for example the demographic transition, and addressed changes in the market as well as the identification of emerging risks and development of innovative products. We do this because we are guided by a clearly defined objective: We want to be the best option for our clients when they come to choose their reinsurer.

With the release of this Sustainability Report for the 2017 financial year we are publishing information on social, environmental and governance issues within our company for the seventh year in succession. The reporting is based for the first time on the mandatory GRI Standards in effect since July 2018.

I hope that you find this report to be informative and stimulating reading.

Yours sincerely,



Ulrich Wallin  
Chairman of the Executive Board

GRI Disclosures

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