

Foreword

Ladies and gentlemen,

After we had incurred the heaviest losses in Hannover Re's history in 2017, above all due to hurricanes Harvey, Irma and Maria, the 2018 financial year was once again dominated by large losses. Most notably, typhoon Jebi in Japan, the wildfires on the US West Coast and hurricanes Michael and Florence in the United States led to further substantial losses that in total exceeded our budgeted loss expectation of EUR 825 million.

For many years now scientists have been warning about the consequences of climate change. For the insurance industry, the correlation between climate change and the occurrence of extreme weather phenomena and natural disasters has long been a topic of intense discussion both across the industry and within our company. At Hannover Re, this has prompted us to integrate the changing framework conditions into our simulation models and risk systems on a proactive and ongoing basis and motivates us to regularly review our own business activities with an eye to the contribution that we can make to fighting climate change.

In the 2018 reporting year and in the spring of 2019 we took further important steps in this direction. Since 2012 our investments in fixed-income securities and listed equities have been subject to half-yearly negative screening conducted on the basis of specific environmental, social and governance (ESG) criteria in cooperation with an external service provider that specialises in sustainable investing. In 2018 these ESG criteria were expanded through the addition of exclusion criteria for fossil fuels: we no longer invest in issuers that generate 25% or more of their revenues from coal mining, coal-fired power generation or oil sands extraction and we have already scaled back such exposures.

Furthermore, in April 2019 with immediate effect we took a conscious decision in relation to individual risks to no longer reinsure – with a few, rigorously verified exceptions – any new planned coal-fired power plants or coal mines. Not only that, we have decided to adopt a phased withdrawal in treaty reinsurance so as to remain in step with the goals of the federal government. By the year 2038 we shall no longer cover any risks connected with coal mining or coal-based power generation and we intend to have eliminated such business from our books.

In our own business activities we have been operating with a net zero carbon footprint at our Hannover location since 2016. We have offset CO₂ emissions caused here through business travel by plane by making offset payments since as long ago as 2008. With effect from 2018 onwards we are now also recording emissions resulting from air travel

at our Asia-Pacific locations and are paying offsets for them. In addition, we are working to progressively change the power supply at our international locations to renewables, as is already the case in Hannover. In this regard I warmly encourage you to take a closer look at our operational environmental performance by consulting our EMAS Environmental Statement.

Parallel to this, in our core business we support projects that counteract the damaging impacts of climate change, e.g. in the areas of renewables or infrastructure, or are designed to preventively mitigate or indeed entirely avoid future harmful effects by contributing our insights and expertise.

In our second strategic business group, Life & Health reinsurance, the latest megatrends such as demographic change are similarly making themselves felt. As was already the case in prior years, we enjoyed brisk demand for reinsurance solutions designed to cover longevity risks – crucially driven by the exacting capital requirements placed on primary insurers for such business.

In this context, our contribution to society has multiple effects. In the first place, we support the product range offered by our primary insurance clients through the development of bespoke innovative concepts that frequently have beneficial effects on the health or quality of life of their end customers. Secondly, it is only thanks to reinsurance solutions that primary insurers are even in a position to make some insurance services available. Through the support that we provide Hannover Re enables people around the globe to access appropriate protection for a highly diverse range of needs, including for example coverage for the consequences of critical illnesses or disability, safeguarding their family through term life insurance or obtaining financial security for life's sunset years.

It should be noted that the same applies to Property & Casualty reinsurance, since here too it is not merely the case that we provide coverage for primary insurance clients; rather, further along the value chain we also protect private individuals with their specific life situations and particular insurance needs in relation to various environmental factors and social impacts that could threaten their livelihood if it were not for the availability of appropriate protection.

All in all, we consider it our mission to offer solutions that address not just economic value creation but also environmental and social aspects. We want to generate both economic and social value added for our shareholders, clients and employees. That is how we view sustainability.

Dear readers, there is a great deal more I could share with you in this foreword when it comes to the topic of sustainability. Instead, however, it is my pleasure to refer you to the present report, in which we explore sustainability issues for the eighth time and through which we

seek to provide informed readers with more in-depth information while at the same time mapping out a clear and understandable picture of our actions for the broader interested public.

I hope that you will find this report offers some stimulating food for thought.

Yours sincerely,



Jean-Jacques Henchoz
Chairman of the Executive Board

GRI Disclosures

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