Hannover Re

Annual Report 2024

Hannover Re Group

somewhat different

Key Figures

in EUR million	2023	2024	+/- previous year
	1.1.–31.12	1.1.–31.12	in %
Results			
Reinsurance revenue (gross)	24,456.5	26,379.3	+7.9%
Reinsurance service result (net)	1,658.3	3,018.5	+82.0%
Reinsurance finance result (net) [1]	-880.2	-1,115.0	-26.7%
Investment income	1,588.2	2,005.1	+26.2%
Operating profit / loss (EBIT)	1,971.2	3,317.6	+68.3%
Group net income	1,824.8	2,328.7	+27.6%
Balance sheet			
Policyholders' surplus	14,249.4	15,921.3	+11.7%
Equity attributable to shareholders of Hannover Rück SE	10,126.8	11,794.5	+16.5%
Non-controlling interests	892.7	893.8	+0.1%
Hybrid capital	3,229.9	3,233.1	+0.1%
Contractual service margin (net)	7,699.1	8,162.4	+6.0%
Risk adjustment for non-financial risk	3,728.6	4,004.1	+7.4%
Investments	60,128.9	65,888.2	+9.6%
Total assets [2]	65,665.1	72,127.3	+9.8%
Share			
Earnings per share (basic and diluted) in EUR	15.13	19.31	+27.6%
Book value per share in EUR	83.97	97.80	+16.5%
Ordinary dividend per share in EUR	6.00	7,00[4]	+16.7%
Special dividend per share in EUR	1.20	2,00[4]	+66.7%
Total dividend per share in EUR	7.20	9,00[4]	+25.0%
Dividend payment in EUR million	868.30	1.085,4 [3]	+25.0%
Share price at the end of the period in EUR	216.30	241.40	+11.6%
Market capitalisation at the end of the period	26,085.2	29,112.1	+11.6%
Ratios			
Combined ratio (property and casualty reinsurance) [4]	94.0 %	86.6 %	
EBIT margin [5]	9.3 %	14.4 %	
Return on investment	2.8 %	3.2 %	
Return on equity	19.0 %	21.2 %	

[1] Excluding exchange rate effects
[2] Adjusted, cf. section 3.1 of the notes
[3] Proposed dividend
[4] Reinsurance service result/reinsurance revenue (net)
[5] EBIT/reinsurance revenue (net)

Contents

About us

Hannover Re is one of the world's leading reinsurers. We transact all lines of property & casualty and life & health reinsurance and are present worldwide with around 3,900 staff. The German business of the Hannover Re Group is written by the subsidiary E+S Rück. Established in 1966, Hannover Re is recognised as a reliable partner for innovative risk solutions, exceptional customer intimacy and financial soundness. The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück very good financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

For our investors

Jean-Jacques Henchoz
Chairman of the Executive Board

Dear Shareholders, Ladies and Gentlemen,

Hannover Re delivered an extremely positive performance in the 2024 financial year. We continued to grow steadily and achieved our full-year earnings target, which we had raised in November.

Results in property and casualty reinsurance, life and health reinsurance and on the investment side were once again outstanding. Despite ongoing macroeconomic and geopolitical headwinds, we further expanded our resilience and thereby secured our profitability on a lasting basis. This underscores our positioning as a reliable partner and financially robust reinsurer.

This is all the more important because the impacts of climate change cannot be disregarded. Extreme weather events are growing in frequency and intensity around the world. 2024 was the warmest year since weather records began and the Atlantic hurricane season was the second most costly since 2017. Storms, heavy rainfall, wildfires and droughts are also increasingly common. Even the Arabian Peninsula suffered devastating flooding in 2024. The wildfires around Los Angeles marked the first large loss event of 2025.

Against this backdrop, it is crucial to put the focus both on quick and comprehensive claims settlement and on preventive measures. Adequate prices and conditions continue to be indispensable for sustainable reinsurance protection. Only in this way can reinsurers maintain the insurability of natural catastrophes and strengthen the resilience of our global community over the long term.

In the insurance industry we must address accumulation risks with added urgency – in areas such as cyber, pandemics and political unrest. As we strive to appropriately evaluate these exposures and reliably protect against them, we attach great importance to continuous refinement of our modelling, to a prudent underwriting policy and to close collaboration with our business partners.

The successful renewals at the start of the year clearly showed that our top-flight reinsurance protection remains highly sought-after. We are on the right track with our corporate strategy. Our success is grounded first and foremost on building and expanding reliable partnerships and on our superlative risk and capital management. Our pragmatic problem-solving approach, our efficient operating model and not least the trusting collaboration with our business partners are and will remain pivotal for us going forward.

As usual, we are enabling you, our valued shareholders, to share in our success. With a solvency ratio of 261 percent, solid shareholders' equity and a return on equity of 21.2%, we are also an attractive and reliable partner for you. In view of the favourable business development, we shall propose to the Annual General Meeting that an ordinary dividend of EUR 7.00 and a special dividend of EUR 2.00 per share should be distributed for the 2024 financial year.

Some changes are taking place on the Executive Board in 2025. Brona Magee has succeeded Klaus Miller and Thorsten Steinmann has taken over from Michael Pickel. I would like to thank Michael Pickel and Klaus Miller for the dedication and expertise they have shown in shaping and advancing Hannover Re over many years. As announced on 8 November, with effect from 1 April 2025 I am handing over the role of Chief Executive Officer to Clemens Jungsthöfel, who will be succeeded by Christian Hermelingmeier as Hannover Re's Chief Financial Officer. We have a superb, well-rounded and international Executive Board that together with all the members of staff will guide Hannover Re on the path to continued success.

Dear shareholders, I would like to take this opportunity to express my particular thanks for the trust you have placed in me during my term of office. On behalf of the entire Executive Board and our employees I would also like to thank you for your trust in Hannover Re.

Yours sincerely

Jean-Jacques Henchoz

Executive Board of Hannover Rück SE

As of 1 January 2025

Jean-Jacques Henchoz

Chief Executive Officer
Corporate Communications
Group Audit
Group Operations & Strategy, Information Technology, Facility Management
Group Risk Management, Actuarial Function
Global Human Resources
Group Legal Services, Compliance

Clemens Jungsthöfel

Asset Management
Group Finance
Reinsurance Accounting & Valuation
Group Tax
Coordination of International Operations
Investor & Rating Agency Relations

Sven Althoff

Coordination of Property & Casualty Reinsurance business group with an associated service unit
Worldwide responsibility for Aviation and Marine, Credit, Surety and Political Risks, Quotations
Regional responsibility for North America, United Kingdom, Ireland and London Market

Claude Chèvre

Life & Health Reinsurance
Worldwide responsibility for Life & Health services
Regional responsibility for Africa, Asia, Australia, Latin America, Middle East, Continental Europe

Brona Magee

Life & Health Reinsurance
Worldwide responsibility for Longevity Solutions
Regional responsibility for North America, Bermuda, United Kingdom and Ireland.

Sharon Ooi

Property & Casualty Reinsurance
Worldwide responsibility for Facultative Reinsurance
Regional responsibility for Asia-Pacific and Sub-Saharan Africa

Silke Sehm

Property & Casualty Reinsurance
Worldwide responsibility for Catastrophe XL (Cat XL), Structured Reinsurance, Insurance-Linked Securities, Retrocessions, Cyber & Digital

Thorsten Steinmann

Property & Casualty Reinsurance
Worldwide responsibility for Agricultural Risks
Regional responsibility for Continental Europe, Latin America and North Africa

The Hannover Re share

- Share price up by 15% in a volatile environment – but lags behind the performance of benchmark indices
- Dividend proposal: Ordinary dividend of EUR 7.00 and special dividend of EUR 2.00

Favourable performance on stock markets

Equity markets around the world trended sharply higher in the 2024 stock market year, picking up on the gains seen in the previous year. The same was true of the performance of Germany's bellwether index. The DAX recorded a clear upward trend, even though news connected with the wars in Ukraine and the Middle East, economic and political uncertainties in Europe and the United States as well as persistent global trade disputes repeatedly put a slight damper on the positive momentum.

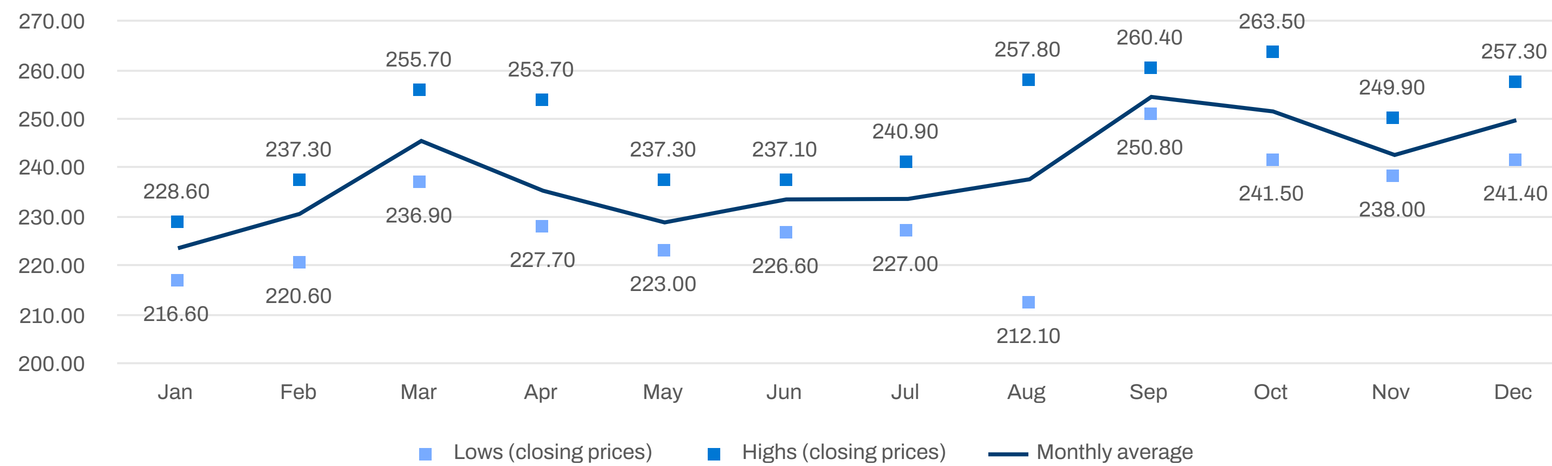
The clear slowdown in inflation over the course of the year had a favourable effect, prompting markets to believe in a sustained economic recovery. The subsequent incremental trimming of key interest rates by central banks in the United States and Europe fuelled a further rise in equity prices in the second half of the year.

The DAX fared extremely positively over the year as a whole. Despite some setbacks, it even climbed to an all-time high in early December 2024 and broke through 20,000 points for the first time in its history.

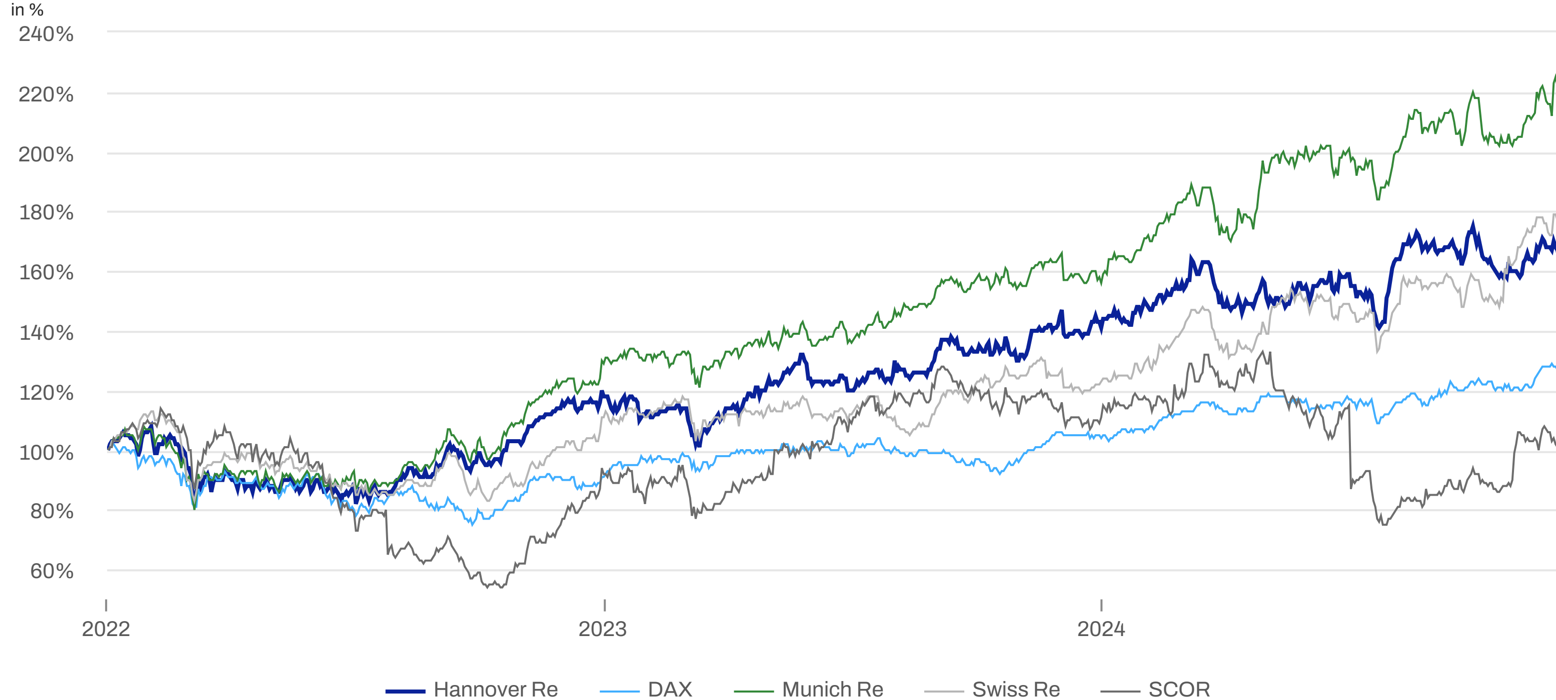
Performance of benchmark indices

in index points	Opening price 2024	Closing price 2024	Change
DAX	16,751.64	19,909.14	18.8 %
S&P 500	4,769.83	5,881.63	23.3 %
MSCI World	3,169.18	3,707.84	17.0 %
STOXX Europe 600 Insurance	346.80	432.04	24.6 %

Highs and lows of the Hannover Re share 2024
in EUR



Relative performance of the Hannover Re share (including reinvested dividends)
in %



Hannover Re share benefits from improved reinsurance and interest rate environment

The Hannover Re share began 2024 at EUR 216.30 and moved consistently higher in the early months of the year. Worldwide demand for reinsurance protection remained strong throughout the year and reinsurance prices again increased slightly compared to the previous year. Against this backdrop, Hannover Re raised its full-year earnings target in the fourth quarter and at the same time held out the prospect of a further increase in Group net income in 2025. This favourable news helped to propel the Hannover Re share to its record peak to date of EUR 263.50 in October. The Hannover Re share closed out the 2024 financial year with a gain of 11.6% at EUR 241.40.

On 30 November 2024 Hannover Re looked back on 30 years since the company first went public. Since the initial public offering in 1994 shareholders have been able to generate a total return of 5,907%, assuming reinvested dividends. This is equivalent to an increase in value of 14.6% per year. Over the past 30 years the Hannover Re share has thus proven itself to be an attractive investment. The performance was driven chiefly by a long-term increase in profits, which at the same time facilitated a consistent or rising dividend distribution.

By the end of the 2024 financial year, 20 analysts had handed down opinions on our company: eight recommended the Hannover Re share as "buy" or "overweight". Similarly, eight opinions were a "hold". "Underweight" or "sell" recommendations were issued by four analysts.

Dividend proposal envisages a higher distribution

The Executive Board and the Supervisory Board intend to propose to the Annual General Meeting on 7 May 2025 that a total dividend of EUR 9.00 per share should be distributed. Against the backdrop of an improved earnings situation, it is envisaged that the ordinary dividend per share will be increased by EUR 1.00 compared to the previous year to EUR 7.00. In view of the comfortable level of capitalisation, the ordinary dividend is to be supplemented by a special dividend of EUR 2.00 per share. This is in line with our dividend strategy.

Annual General Meeting approves dividend increase

The virtual Annual General Meeting of Hannover Rück SE was held on 6 May 2024. In his address to the meeting, Chief Executive Officer Jean-Jacques Henchoz looked back on the successful financial years of the last strategy cycle. Despite numerous headwinds, he emphasised how reliably Hannover Re had delivered on its promises. These are the successes on which Hannover Re will build going forward.

Guided by the beacons “Focus. Grow. Accelerate”, Hannover Re will concentrate on existing strengths and intact growth drivers. Furthermore, promising partnerships and internal company initiatives will contribute to profitable growth. Looking to the current three-year strategy cycle, Henchoz held out the prospect of further earnings growth and an annual increase in the ordinary dividend.

The Annual General Meeting approved the proposal made by the Executive Board and Supervisory Board to pay a total dividend – comprised of an ordinary and a special dividend – of EUR 7.20 (previous year: EUR 6.00) per share for the 2023 financial year. This corresponds to a distribution of roughly EUR 868.3 million.

Investor Relations activities expanded

The Executive Board and representatives of the Investor Relations team once again kept up a continuous open dialogue with (institutional) investors and rating agencies in the 2024 financial year. Altogether, we took part in more than 35 conferences and roadshows. As in previous years, activities remained focused on the financial centres of Europe and North America. Furthermore, roadshows in the cities of Singapore, Sydney and Tokyo served as a first step towards expanding contacts with investors in the Asia-Pacific region. The annual get-together with investors and analysts took place on 16 October 2024 under the motto “Meeting Hannover Re”, with the gathering held for the first time in the company’s modern offices at its London location. The event gave those attending an opportunity to exchange views with management and the IR team on a wide range of issues.

In addition, Hannover Re is increasingly focusing on digital communication channels and social media. The redesigned Hannover Re website offers interested investors extensive information about the company’s results and share, among other things. It makes audio and video broadcasts and recordings of our Investor Relations events available to access. Through its LinkedIn presence Hannover Re has further increased the number of its posts on topics relating to the capital market, thereby extending its reach and addressing new target groups.

Further growth in the number of shareholders

Our share register showed 78,550 shareholders at the end of the year, another increase in the number of shareholders year-on-year (76,424). The largest shareholders at year-end were Talanx AG with 50.2% as well as Deutsche Asset Management Investment GmbH with a reported 3.0%, FMR LLC with a reported 3.0% and BlackRock, Inc. with a reported 3.0% of the voting rights. Within the free float, institutional investors accounted for 38.6% (38.3%) of the total shares outstanding, while private investors held 11.2% (11.5%).

Basic information

Securities identification number / ISIN	840221 / DE 000 840 221 5
Ticker symbols	HRN1 (Bloomberg), HRNGn (Reuters), HVRRY (ADR)
Exchange listings	
Germany	Xetra, Frankfurt, Munich, Stuttgart, Hamburg, Berlin, Düsseldorf, Hannover (official trading: Xetra, Frankfurt and Hannover)
United States	American Depositary Receipts (Level 1 ADR program; 6 ADRs = 1 share)
Market segment	Prime Standard
Index membership	DAX
First listed	30 November 1994
Number of issued shares (as at 31 December 2024)	120,897,134
Share capital	EUR 120,597,134.00
Class of shares	No-par-value registered shares

Key figures

in EUR	2015[1]	2016[1]	2017[1]	2018[1]	2019[1]	2020[1]	2021[1]	2022[2]	2023	2024
Number of shares in million	120.6	120.6	120.6	120.6	120.6	120.6	120.6	120.6	120.6	120.6
Annual low[3]	73.81	84.12	95.95	104.70	116.40	107.50	128.00	131.35	162.65	212.10
Annual high[3]	111.50	106.20	115.65	125.30	175.20	192.40	167.95	187.60	228.90	263.50
Year-opening price[3]	74.97	105.65	102.80	104.90	117.70	172.30	130.30	167.15	185.50	216.30
Year-ending price[3]	105.65	102.80	104.90	117.70	172.30	130.30	167.15	185.50	216.30	241.40
Market capitalisation at year-end in EUR million	12,741.1	12,397.4	12,650.6	14,194.3	20,778.9	15,713.8	20,157.8	22,370.8	26,085.2	29,112.1
Equity attributable to shareholders of Hannover Rück SE in EUR million	8,068.3	8,997.2	8,528.5	8,776.8	10,528.0	10,995.0	11,885.0	9,059.7	10,126.8	11,794.5
Book value per share	66.90	74.61	70.72	72.78	87.30	91.17	98.55	75.12	83.97	97.80
Earnings per share (basic and diluted)	9.54	9.71	7.95	8.79	10.65	7.32	10.21	6.47	15.13	19.31
Base dividend per share	3.25	3.50	3.50	3.75	4.00	4.50	4.50	5.00	6.00	7,00[4]
Special dividend per share	1.50	1.50	1.50	1.50	1.50	—	1.25	1.00	1.20	2,00[4]
Total dividend per share	4.75	5.00	5.00	5.25	5.50	4.50	5.75	6.00	7.20	9,00[4]
Cash flow per share	25.75	19.33	14.05	18.45	20.81	26.79	40.97	41.02	47.99	48.00
Return on equity (after tax)[5] in %	14.7	13.7	10.9	12.2	13.3	8.2	10.8	8.2	19.0	21.2
Dividend yield[6] in %	4.5	4.9	4.8	4.5	3.2	3.5	3.1	3.2	3.3	3.7
Price-to-book (P/B) ratio[6]	1.6	1.4	1.5	1.6	2.0	1.4	1.7	2.5	2.6	2.5
Price/earnings (P/E) ratio[6]	11.1	10.6	13.2	13.4	16.2	17.8	16.4	28.7	14.3	12.5
Price-to-cash flow (P/CF) ratio[6]	4.1	5.3	7.5	6.4	8.3	4.9	4.1	4.5	4.5	5.0

[1] IAS 39, IFRS 4
[2] Restated pursuant to IAS 8
[3] Xetra daily closing from Bloomberg
[4] Proposed dividend
[5] Earnings per share / average of book value per share at start and end of year
[6] In relation to year-end closing price

Consolidated management report

Foundations of the Group

Business model and strategy

- Worldwide reinsurance, transacting all lines of property & casualty and life & health reinsurance with the goal of achieving the broadest and most balanced possible diversification both regionally and in relation to the underlying risks
- Competitive advantages due to our low cost of capital and administrative expenses
- Financial strength secured through sophisticated risk management
- Commitment to responsible and transparent corporate governance geared to long-term success

The Hannover Re Group is one of the world's leading reinsurers. Hannover Rück SE is a European Company, Societas Europaea (SE), based in Hannover, Germany.

The strategy cycle at Hannover Re spans three years. The Group strategy 2024–2026 “Staying Focused. Thinking Ahead.” is focused on industry-leading performance in terms of profitability and earnings growth, reliable economic value creation as well as an attractive and increasing ordinary dividend. Hannover Re’s capital strength is another strategic criterion. Along with these financial targets, the ambition set out in the Group strategy also includes strategic targets in relation to employee engagement and environmental stewardship. The Group strategy is specified more closely and supported by corresponding business group strategies.

Our business model is geared to our Group strategy. It is focused on reinsurance, which we transact worldwide in the Property & Casualty and Life & Health reinsurance business groups. In this way, we strive for the broadest possible diversification and hence an efficient risk balance. This is achieved by accepting reinsurance risks with mostly little or no correlation across all lines and regions of property & casualty and life & health reinsurance. In conjunction with efficient capital management, this is the key to our comparatively low cost of capital.

Data and information from primary insurance clients, brokers and other sources form the main basis for computational models that calculate occurrence probabilities for potential loss scenarios. Adequate risk and hence premium calculations are made possible by an interdisciplinary workforce combined with a high level of expertise in risk assessment as well as optimal information and risk models.

Guided by a clearly defined risk appetite, the Executive Board steers the company with the support of risk management with a view to acting on business opportunities while securing our financial strength on a lasting basis.

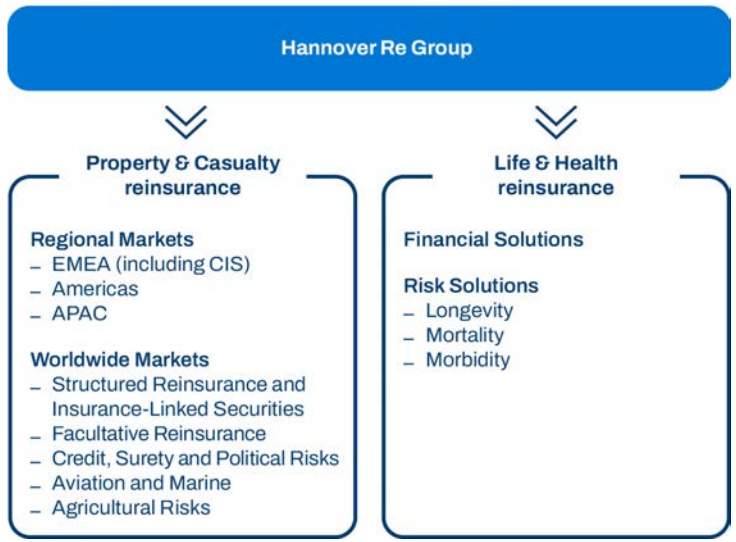
Primary insurers and their customers alike benefit from a robust and resilient insurance market. The extensive spreading of original risks across different risk carriers is a major aspect of the value chain in the insurance industry. In this way, not only do primary insurers obtain protection for their risks from reinsurers, but reinsurers are also able to partially pass on risks to so-called retrocessionaires. The resulting diversification has positive effects on primary insurers’ stability, capacity and power of innovation and hence also on policyholders.

Our business operations are dedicated to our goal of being the preferred partner for our clients. It is for this reason that our clients and their concerns form the focus of our activities.

In addition, we generate competitive advantages to the benefit of our clients and shareholders by conducting our reinsurance business with lower administrative expenses than our peers. We thereby deliver above-average profitability while at the same time being able to offer our customers reinsurance protection on competitive terms.

Our subsidiary E+S Rückversicherung AG (E+S Rück), as the “Reinsurer for Germany”, offers a range of products and services tailored to the specific features of the German market. Of special importance here are the mutual insurers with whom we maintain a strategic partnership that is underscored through their participation in E+S Rück.

Business groups of the Hannover Re Group



In the Property & Casualty reinsurance business group we consider ourselves to be a reliable, flexible and innovative market player that ranks among the best in any given market. Cost leadership, effective cycle management and superlative risk management are the key elements of our competitive positioning. Particularly in the current market environment, we actively manage our portfolio to ensure long-term profitability on the underwriting side.

In the Life & Health reinsurance business group we are recognised – as customer surveys confirm – as one of the top players for traditional covers and a leading provider of structured solutions. We achieve this standing by, among other things, anticipating the future needs of our customers through the early identification of trends.

With a view to assuring Hannover Re's lasting stability, our strategy is grounded on a solid foundation: sustainability and integrated corporate governance. Sustainability reflects our aspiration to economic, social and environmental accountability. Through integrated corporate governance we foster the trust placed in Hannover Re, especially by regulators and investors but also by our clients and staff.

Management system

Value-based management

Our integrated system of enterprise management constitutes the basis for attainment of our strategic objectives. It is geared to achieving our earnings and growth targets on a sustained basis and ensuring long-term stability. In addition to traditional key performance indicators geared to the IFRS balance sheet, our system of strategic targets also includes economic targets derived from our internal capital model approved by the regulator and from the economic equity pursuant to Solvency II reporting. The targets are regularly analysed and adjusted in the context of the strategy review conducted at periodic intervals. Given that reinsurance business is subject to cyclical fluctuations, our primary focus is on medium- and long-term attainment of the strategic targets across the cycle.

We seek to deliver industry-leading performance in terms of profitability and earnings growth, reliable economic value creation as well as an attractive and increasing ordinary dividend. Furthermore, we aspire to a high level of employee engagement and environmental stewardship. In concrete numbers, Hannover Re is looking to generate a return on equity of more than 14% and EBIT growth of more than 5% per year on average over the three-year strategy cycle. An increase in the contractual service margin (net) of more than 2% per year on average is targeted across the cycle. In addition, the capital adequacy ratio under Solvency II shall be greater than 200%.

Target attainment

Key metrics	Targets for 2024	Target attainment
Return on Equity	> 14 %	21.2%
EBIT growth	> 5 %	68.3%
CSM growth	> 2 %	6.0%
Solvency II ratio [1, 2]	> 200 %	261.2%
Ordinary dividend	> previous year	achieved

[1] This information has not been audited by the independent auditor.
[2] According to our internal capital model and Solvency II requirements

Value-based management and capital allocation

Value-based management, which constitutes a core element of our management system, is focused on maximising the value of the company. The basis of value-based management is the risk-appropriate allocation of capital to the individual business activities. This enables us to evaluate the acceptance of underwriting risks and investment risks both in light of individual risk/return aspects and against the backdrop of our overall risk appetite. Based on our internal capital model, the allocation of capital is optimised to generate a sustainable return. Starting out from the Group's overall risk situation, capital is first allocated to the functional areas of underwriting and investments. We then further divide the capital within the underwriting sector, first between the business segments of property & casualty reinsurance and life & health reinsurance and then between the various reinsurance products according to risk categories/treaty types and lines. In this way, we ensure consistent adherence to our profit targets – allowing for risk, cost and return considerations – in the evaluation and pricing of our various reinsurance products and we generate long-term value creation.

IVC – the strategic management ratio

In order to manage the portfolios and individual treaties we apply underwriting-year-oriented measurement principles based on expected cash flows that appropriately accommodate the specific characteristics of property & casualty and life & health reinsurance. The attainment of targets in a particular financial year is also of interest – especially from the standpoint of shareholders. Based on our economic measurement and our internal capital model, the foundation of our enterprise management, we strive to generate a profit in excess of the cost of capital. This return – which is the decisive ratio for the management of our business activities – is referred to as Intrinsic Value Creation (IVC).

The IVC ratio makes it possible to compare the value contributions of the Group as a whole, its two business groups and the individual operational units. This enables us to reliably identify value creators and value destroyers.

In this way, we can
- optimise the allocation of capital and resources,
- identify opportunities and risks,
- measure strategy contributions with an eye to our demanding profit and growth targets, and
- secure profitable growth.

The IVC (Intrinsic Value Creation) is calculated according to the following formula: adjusted economic profit – (capital allocated × weighted cost of capital) = IVC.

The adjusted economic profit is comprised of two factors: the IFRS Group net income recognised after tax and the change in the unrealised gains and losses recognised in the contractual service margin, after adjustment for reserving components. The latter makes allowance in the calculated values for economic effects not recognised in profit or loss under IFRS. In addition, interest on hybrid capital already recognised in the IFRS Group net income and the non-controlling interest in profit or loss are included back in the calculation.

The allocated capital consists of the economic equity pursuant to Solvency II including non-controlling interests and the hybrid capital. Capital is allocated to the profit centres as described above according to the risk content of the business in question. A systematic distinction is made here between the assumption of underwriting risks, on the one hand, and investment risks, on the other.

In calculating the cost of capital, our assumption – based on a Capital Asset Pricing Model (CAPM) approach – is that the investor's opportunity costs are 625 basis points above the risk-free interest rate, meaning that economic value is created above this threshold. Our strategic return on equity target of 1,000 basis points above risk-free thus already contains a substantial target value creation. We allocate equity sparingly and use equity substitutes to optimise our average cost of capital, which amounted to (unaudited by the independent auditor) 5.2% in 2024 (previous year: 4.6%).

Since comparison of absolute amounts is not always meaningful, we have introduced the xRoCA (excess return on capital allocated) in addition to the IVC. This risk-adjusted return describes the IVC in relation to the allocated capital and shows us the relative excess return generated above and beyond the weighted cost of capital.

The close interlinking of our internal capital model with the capital allocation and value-based management helps us to fulfil the requirements of the Solvency II use test.

Operational management system

A number of IFRS-based financial KPIs are also embedded in our strategic system of targets and coordinated with our metrics for value creation derived from the internal capital model. We use these KPIs for the implementation of strategy within the year in our operational management, in part because they are available promptly and also because they already provide initial pointers as to whether we are likely to achieve our higher-order strategic objectives. For 2024, these were the growth in reinsurance revenue and the EBIT for both business groups and the return on investment for the Group as a whole.

Management by Objectives

Key performance indicators from our management system are integrated into the individual agreements on objectives with managers. When it comes to the definition of objectives, the participants take into account not only standardised financial indicators but also non-financial variables derived from the strategic parameters. Further information on the individual objectives and associated remuneration elements of the members of the Executive Board is provided in the separately published remuneration report.

Report on economic position

Macroeconomic climate and industry-specific environment

- Positive growth momentum in world trade
- Recovery in real incomes supports global growth
- Reinsurance capital on a record level

Macroeconomic climate

In the assessment of the Organisation for Economic Co-operation and Development (OECD), the global economy proved resilient in 2024. Declining inflation rates fuelled private household expenditure, enabling monetary policy to be eased in most major economies. This served to counter the sense of uncertainty caused by geopolitical and regional tensions as well as persistent worries about the rising cost of living. Considerable differences nevertheless remain in economic power and the recovery of incomes across national borders, as illustrated by the fall in per capita real gross domestic product in roughly one in five OECD member countries. The positive growth momentum in world trade was sustained.

The state of the labour market eased in many countries. Even where unemployment rates moved slightly higher, they generally remained low by historical standards. The combination of employment growth, strong nominal wage increases and declining inflation boosted the real income of private households. In most OECD countries, the real disposable per capita income of private households is higher today than pre-pandemic levels.

Inflation continued to fall in most countries through 2024, driven by more modest price increases for food, energy and goods. However, core inflation (excluding food and energy) remains higher than desirable in many countries.

Economic development by regions

in %	GPD 2023	GPD 2024
World	**3.2**	**3.2**
USA	2.9	2.8
Europe		
Eurozone	0.5	0.8
Germany	-0.1	0.0
France	1.1	1.1
UK	0.3	0.9
Asia		
China	5.2	4.9
Japan	1.7	-0.3
Australia	2.0	1.1

Source: OECD Economic Outlook, Volume 2024, Issue 2

Capital markets

The investment environment in the reporting period was again highly volatile and shaped by numerous geopolitical and macroeconomic headwinds.

On the markets for fixed-income securities, some significant declines were seen in the year under review in our main currency areas, especially in very short maturities, while increases were observed in medium and long maturities. Overall, then, a certain normalisation set in after the heavily inverted yield curves at the end of the previous year. On the one hand, the interest rate policy adopted by central banks in response to falling inflation rates was reflected here in the short maturities, while, on the other hand, it was particularly in medium and longer maturities that potential economic policy options promised in the course of the US election campaign made themselves felt.

Central banks in our main currency areas responded to inflation trending lower by trimming their key interest rates in multiple increments. Overall, central bank policy in our main currency areas continued to tread a fine line between keeping the potential for inflation - which still exists - in check, on the one hand, while delivering tangible macroeconomic impetus and not stifling the sometimes still fragile economic momentum, on the other.

Risk premiums on corporate bonds decreased steadily over the course of the year, again closing out the year well below the already low level at the end of the previous year.

We keep a very close eye on movements in markets relevant to our worldwide real estate portfolio. Uncertainties around the future development of specific properties are reflected in their valuation at the reporting date. We had already scaled back our exposure to the Chinese real estate market in the previous year.

The robust state of the economy, especially in the United States, declining inflation and interest rate cuts propelled almost all major stock indices to new record highs. Bitcoin and gold similarly recorded extreme valuations. Even though neither of these constitute asset classes for our company, we still monitor them - first and foremost as indicators of risk appetite and inflation expectations among market players.

The euro fluctuated quite considerably over the course of the year against the US dollar, before closing down for the year under review. The euro similarly lost ground against the British pound and Chinese renminbi. On the other hand, the euro posted modest gains against the Australian and Canadian dollars.

Industry-specific environment

Data from AM Best and Guy Carpenter show that reinsurance capital, an indicator of market capacity, grew by around 7% globally in 2024 compared to the previous year and is expected to reach USD 607 billion. This surpassed the previous all-time high of USD 571 billion from 2021, with growth recorded in both traditional and alternative risk capital. Traditional risk capital, for example, increased by 7% to an estimated USD 500 billion, while alternative risk capital also grew by 7% to USD 107 billion.

Global reinsurance markets have been experiencing fierce competition and growing losses from natural catastrophes for some years now. At the same time, climate change, geopolitical disputes, deglobalisation and macroeconomic developments worldwide are presenting major challenges for the insurance industry.

Prices and conditions in some areas continued to improve in the various rounds of treaty renewals during 2024, while in others they stabilised on the level of the previous year. Capacities for natural catastrophes remained in high demand. Even though insured losses are trending higher, especially where natural catastrophes are concerned, the reinsurance industry generated very favourable results overall.

After the extreme weather events seen in the previous year, the loss experience in Europe was more benign in 2024. Expenditures for the insurance sector therefore remained within the expected bounds. In North America, the market for short-tail lines has now settled on an adequate level. Property business benefited from rising primary insurance premiums, while demand for insurance products held up strongly. Social inflation, which includes rising claim costs due to litigation, higher damages and broader definitions of liability, remained unusually high and presented a challenge for the insurance industry. In Latin America, the increasing claims trends of prior years in the two largest markets of Mexico and Brazil led to stronger demand and hence rate increases.

Regulatory developments

In 2024, there were numerous regulatory developments at the international, European and national levels.

In November 2024, the European Council gave final approval in the legislative process for the Solvency II review and the Insurance Recovery and Resolution Directive (IRRD). Important changes of relevance to the Hannover Re Group under the Solvency II review include, among others, the lowering of the cost-of-capital rate in the risk margin from 6% to 4.75%. The IRRD introduces a set of rules for managing financial distress, requiring national resolution authorities to prepare resolution plans for insurers with significant market shares and compelling affected undertakings, including the Hannover Re Group, to create their own pre-emptive recovery plans. These reforms must be transposed into national law and applied by 30 January 2027.

On a global scale, the Insurance Capital Standard (ICS) marked major milestones as the International Association of Insurance Supervisors (IAIS) finalised its development and adoption in 2024. In November 2024, the IAIS Executive Committee recognised the US aggregation method (AM) as producing comparable outcomes, with ongoing convergence efforts planned. At its Annual General Meeting in December 2024, the IAIS formally adopted the ICS as the first comprehensive global capital standard for insurance supervision. Given that Solvency II is to be considered a direct implementation of the ICS in the EU, no further supervisory implications are likely for the Hannover Re Group.

The EU Corporate Sustainability Due Diligence Directive (CSDDD), which came into force in July 2024 and must be implemented in national law within two years, aims to harmonise minimum due diligence standards across the EU. In order to avoid duplicate reporting, the CSDDD envisages that undertakings compiling a report in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) will thereby also fulfil their future reporting obligations under the CSDDD. Hannover Re already falls under the German Act on Corporate Due Diligence Obligations in Supply Chains and will adjust its internal processes, where necessary, to the new European standards. Of particular significance here is the question of whether customer relationships of financial services providers will continue to be exempted from the scope of application of the CSDDD. The European Commission plans to review their potential inclusion by the summer of 2026.

In April 2024, the European Insurance and Occupational Pensions Authority (EIOPA) issued a supervisory statement addressing reinsurance arrangements with third-country (non-EU) insurers. The statement emphasises the importance of reinsurance as a global, cross-border business that contributes to risk diversification and financial stability. However, EIOPA also highlights certain potential risks and points to possible actions.

Digital technologies play a crucial role in the processes of the financial services industry overall, and especially for (re)insurers. The EU has developed a new framework, the Digital Operational Resilience Act (DORA), to ensure the performance of digital services in critical scenarios. To fulfil the requirements, the Hannover Re Group must adjust numerous internal processes related to information security management, business continuity management and outsourcing management before DORA becomes effective in 2025.

In 2024, the EU signed the EU AI Act, which came into effect on 1 August 2024. The new EU AI Act sets out classifications for AI systems with different requirements and obligations tailored to a risk-based approach. The European Commission is currently developing guidelines, standards, and codes of practice for the implementation of the AI Act. The Act includes a specific provision for insurers, especially in the high-risk classification related to AI systems used for risk assessment and pricing in the life and health insurance. The Hannover Re Group is preparing for potential requirements regarding AI governance and AI risk management and is planning to adapt existing practices in response to legal requirements. The EU AI Act is applicable two years after its enactment, with some exceptions for specific provisions.

Growing protectionism in many parts of the world again led to additional market access restrictions in 2024, creating hurdles for the cross-border business of reinsurance.

Overall assessment of the business position

For Hannover Re, the 2024 financial year was shaped by a continuing complex macroeconomic and geopolitical landscape as well as another high frequency of natural catastrophes. We again demonstrated our risk-bearing capacity and profitability in this challenging environment. We achieved good results in both our business groups, namely Property & Casualty reinsurance and Life & Health reinsurance, as well as in our investments.

Expenditure for large losses was again within our budgeted expectation in property and casualty reinsurance. At the same time, prices and conditions for reinsurance protection have reached a considerably more adequate level. Accordingly, property and casualty reinsurance delivered very pleasing profit contributions and beat the target set for the combined ratio. The picture was a similar one in life and health reinsurance. The good results posted here were made possible first and foremost by sustained strong demand for financial solutions and longevity covers. On the investment side, we were able to increase the result again, primarily due to the rise in interest rates over the past two years. Overall, therefore, we generated Group net income slightly above our expectations.

At the time of preparing the management report, it remains the case that both the business position of the Group and its financial strength can be assessed as very good. Within the framework of our Group strategy, we determine our necessary equity resources according to the requirements of our internal capital model, solvency regulations, the expectations of rating agencies for our target rating and the expectations of our clients and shareholders.

Business development

- Reinsurance revenue (gross) up by 7.8% to EUR 26.4 billion adjusted for exchange rate effects
- Property and casualty reinsurance continues to grow on the back of improved prices and conditions; large loss expenditure in line with budgeted expectation
- Result in life and health reinsurance rises as expected
- Contractual service margin (net) increases by +6.0% to EUR 8.2 billion
- Return on investment of 3.2% significantly higher than minimum 2.8% target
- Group net income increases by +27.6% to EUR 2.3 billion and meets expectations
- Return on equity reaches 21.2% and comfortably surpasses minimum target

As one of the leading reinsurers in the world, Hannover Re has a far-reaching international network and extensive underwriting expertise. On this basis, we are able to offer our customers traditional, tailor-made and innovative reinsurance solutions and we work with them to open up new business opportunities.

Despite the challenges facing the reinsurance industry described in the section “Industry-specific environment”, Hannover Re once again demonstrated the resilience of its business model as a globally diversified and robustly capitalised reinsurer in the 2024 financial year. In view of the heightened risk situation worldwide, demand for high-quality reinsurance protection such as that offered by Hannover Re remains undiminished on a high level. Against this backdrop, our business continued to show profitable growth.

Reinsurance revenue (gross) for the Group increased by +7.9% as at 31 December 2024 to EUR 26.4 billion (EUR 24.5 billion). At constant exchange rates, growth would have reached 7.8%. We thus surpassed our guidance of at least 5% growth based on constant exchange rates.

The reinsurance service result (net), reflecting the profitability of underwriting activity after deduction of business ceded (primarily retrocessions and insurance-linked securities), rose by a substantial +82.0% to EUR 3,018.5 million (EUR 1,658.3 million). The reinsurance finance result (net) adjusted for exchange rate effects, which is structurally negative, decreased by -26.7% to EUR -1,115.0 million (EUR -880.2 million).

Other income and expenses amounted to EUR -482.9 million (EUR -481.7 million). The operating profit (EBIT) rose sharply by +68.3% to EUR 3,317.6 million (EUR 1,971.2 million).

Expenditure for taxes normalised at EUR 816.5 million (EUR 26.4 million). The figure for the previous year had been very low due to different regional profit contributions and a one-time effect from local tax rate increases in response to the implementation of an effective minimum tax rate proposed by the OECD. Group net income came in at EUR 2,328.7 million (EUR 1,824.8 million).

We thus achieved our earnings guidance, which we had raised to around EUR 2.3 billion in November. Earnings per share stood at EUR 19.31 (EUR 15.13).

The shareholders' equity amounted to EUR 11,794.5 million (EUR 10,126.8 million) as at 31 December 2024. The increase in shareholders' equity derived principally from the Group profit generated less the dividend distributed to shareholders of Hannover Re for the 2023 financial year. The return on equity stood at 21.2% (19.0%) and thus exceeded our financial ambition of more than 14% defined for our strategy cycle 2024–2026. The book value per share reached EUR 97.80 (EUR 83.97).

The contractual service margin (net) grew by +6.0% to EUR 8,162.4 million (EUR 7,699.1 million). The increase was driven mainly by the profitable new business written in the financial year. The risk adjustment for non-financial risk nudged slightly higher by +7.4% to EUR 4,004.1 million (EUR 3,728.6 million).

The total policyholders' surplus, consisting of shareholders' equity, non-controlling interests and hybrid capital, amounted to EUR 15.9 billion (EUR 14.2 billion) as at 31 December 2024.

Reinsurance revenue (gross) in our Property & Casualty reinsurance business group rose by 11.1% adjusted for exchange rate effects. Despite a large number of medium-severity catastrophe losses, the expenditures from large losses amounting to EUR 1,629.2 million remained within our budgeted expectation for the financial year of EUR 1,825 million. The combined ratio in property and casualty reinsurance, i.e. the ratio of the reinsurance service result (net) to the reinsurance revenue (net), improved year-on-year to 86.6% (94.0%). In view of the challenging market environment described at the outset, prices and conditions for reinsurance protection continued to show sustained improvement. As a further factor, the exceptional strengthening of the loss reserves in the previous year was followed by normalisation in the financial year, which contributed significantly to an improved combined ratio.

Thanks to its comparatively low administrative expenses and cost of capital as well as its above-average financial strength, Hannover Re has been and remains able to successfully assert itself in the market. Based on our positioning as one of the largest and most robustly capitalised reinsurers in the world, we enjoy sustained very good access to profitable business. The operating profit (EBIT) booked in property and casualty reinsurance improved considerably by +117.3% to EUR 2,387.3 million (EUR 1,098.6 million).

Reinsurance revenue (gross) booked in our Life & Health reinsurance business group grew by 0.6% adjusted for exchange-rate effects. The operating result (EBIT) in life and health reinsurance improved to EUR 933.9 million (EUR 871.2 million) and thus played an important part overall in the total result for the year under review.

Our portfolio of investments amounted to EUR 65.9 billion at the end of the year (EUR 60.1 billion). The investment result improved on the previous year by +26.2% to reach EUR 2,005.1 million (EUR 1,588.2 million). This was attributable primarily to significantly higher interest income and lower extraordinary charges. The resulting return on our investments stood at 3.2% overall and thus comfortably beat our minimum full-year target of 2.8%. We largely achieved and in some cases substantially outperformed the forecasts shown in the following table.

Business development and guidance in the year under review

	Guidance 2024	Target attainment 2024
Growth in reinsurance revenue (gross) for the group [1]	more than 5.0%	7.8 %
Combined ratio in P&C reinsurance	< 89%	86.6 %
Reinsurance service result (net) in Life & Health reinsurance	> EUR 850 million	EUR 883 million
Return on investment	at least 2.8%	3.2 %
Group net income	around EUR 2.3 billion [2]	EUR 2.3 billion

[1] At constant exchange rates
[2] The guidance was revised upwards during the year from "more than EUR 2.1 billion" to "around EUR 2.3 billion". The guidance always assumes that there are no unforeseen distortions on capital markets and that large loss expenditure remains within the expected bounds.

Results of operations

In the following sections we discuss the development of the financial year in our two strategic business groups, namely **Property & Casualty reinsurance** and **Life & Health reinsurance**, as well as the performance of our **investments** and the **financial position and assets** of our Group.

Property & Casualty reinsurance

- Reinsurance revenue (gross) grows by 11.1% adjusted for exchange rate effects
- New business CSM (net) amounts to EUR 2.7 billion
- Trend towards rate increases in the treaty renewals continued in 2024
- Large loss expenditure within the budgeted expectation despite high claims frequency
- Combined ratio of 86.6%
- Operating profit up by +117.3% to EUR 2,387.3 million

Global markets for property and casualty reinsurance were impacted by numerous weather-related natural disasters in the 2024 financial year, resulting in increased payments to clients for both the entire industry and Hannover Re.

Prices and conditions improved in some areas in the treaty renewals held throughout the year, while in others they stabilised on a high level. At the same time, demand for high-quality reinsurance protection increased. In sum, we were satisfied with the renewals. We traditionally report price changes on a risk-adjusted basis. In other words, the price developments that we report already make allowance for inflation rates and model adjustments.

In natural catastrophe business we maintained our profit-oriented underwriting policy in a market environment that continued to be attractive.

Treaty renewals in 2024

in %	As at 1.1.	As at 1.4.	As at 1.6./1.7.
Change in premium income	6.9	7.1	11.5
Risk-adjusted prices	2.3	1.5	1.3

Thanks to our quality-focused underwriting approach, the new business CSM (net) was boosted by a substantial +15.4% to EUR 2,732.61 million (EUR 2,368.10 million). The new business LC (net) amounted to EUR 42.0 million (EUR 40.3 million).

Reinsurance revenue (gross) in property and casualty reinsurance grew by +10.9% to EUR 18,664.7 million (EUR 16,823.94 million). Growth would have reached 11.1% at constant exchange rates.

The 2024 financial year was characterised by a high frequency of medium-severity catastrophe losses. The net expenditures from large losses in the financial year totalled EUR 1,629.2 million (EUR 1,620.6 million). They were thus within the budgeted expectation of EUR 1,825 million for 2024. We classify events for which we expect gross loss payments in excess of EUR 10 million as large losses.

The largest net individual losses for Hannover Re were Hurricane Milton at EUR 230.0 million, followed by floods caused by heavy rain in parts of Central and Eastern Europe at a cost of EUR 193.9 million. Losses due to flooding after intense rainfall in Dubai and in other parts of the United Arab Emirates were booked in an amount of EUR 138.0 million, while the unrest in the French overseas territory of New Caledonia led to expenditures of EUR 116.8 million. The net loss caused by Hurricane Helene totalled EUR 116.2 million. Anticipated payments for losses associated with the bridge collapse in Baltimore came to EUR 102.6 million. In addition, we significantly increased the provision made for the group of claims connected with Russia's war of aggression on Ukraine.

The reinsurance service result (net) climbed substantially to EUR 2,135.6 million (EUR 848.5 million). The combined ratio improved from 94.0% to 86.6% for two key reasons: first, the profitability of the business continued to improve and, second, the resilience of our loss reserves had been boosted exceptionally strongly in the prior-year period – a situation which normalised in the year under review. The reinsurance finance result (net) adjusted for exchange rate effects amounted to EUR -944.7 million (EUR -722.0 million).

The net investment result for the Property & Casualty reinsurance business group amounted to EUR 1,607.3 million (EUR 1,170.7 million). This development was influenced primarily by the rise in ordinary income. Earnings booked from fixed-income securities increased again on the back of higher interest rates. Income from the holdings of inflation-linked bonds and alternative investments also contributed to the result.

The operating profit (EBIT) increased to EUR 2,387.3 million (EUR 1,098.6 million) on the back of the substantially improved reinsurance service result and higher income from investments.

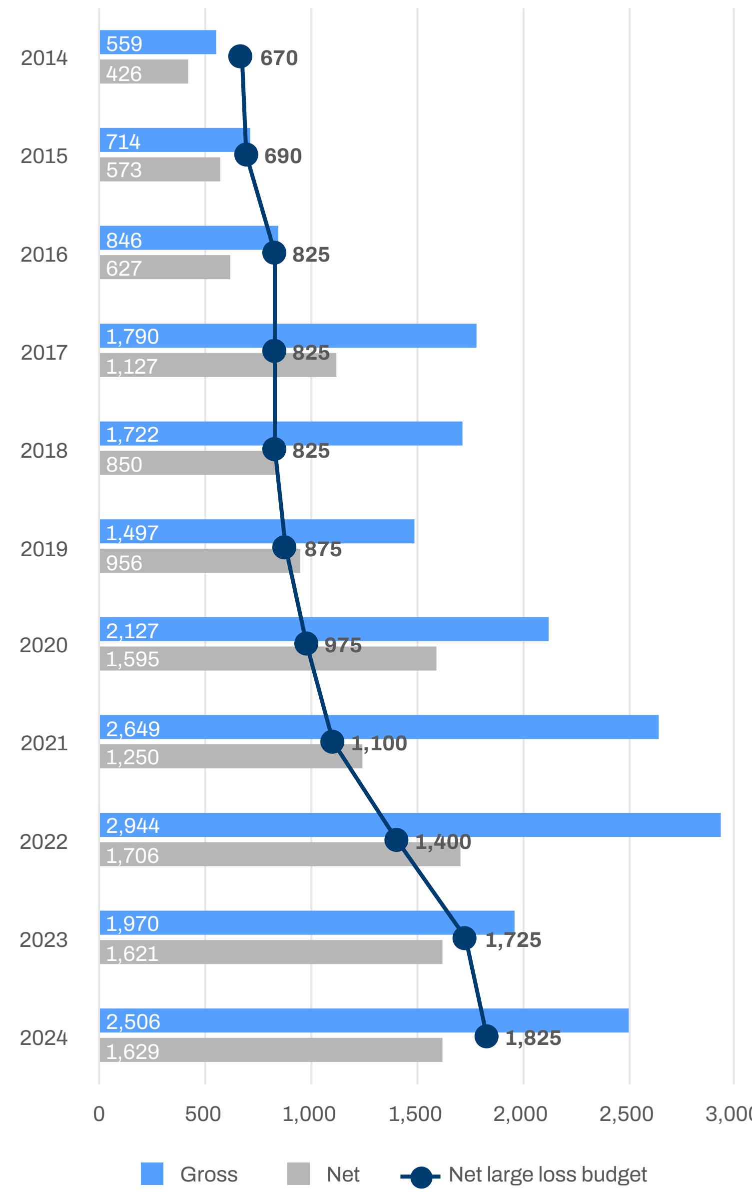
On the following pages we report in detail on developments in our Property & Casualty reinsurance business group. This is split into a number of reporting categories, sorted according to regional markets and worldwide markets.

Key figures for Property & Casualty reinsurance

in EUR million	2023	2024	+/- previous year
Reinsurance revenue (gross)	16,823.9	18,664.7	+10.9%
Reinsurance service result (net)	848.5	2,135.6	+151.7%
Reinsurance finance result (net) [1]	-722.0	-944.7	+30.8%
Investment income	1,170.7	1,607.3	+37.3%
Operating result (EBIT)	1,098.6	2,387.3	+117.3%
EBIT margin [2]	7.7 %	15.0 %	
Combined ratio [3]	94.0 %	86.6 %	
New business CSM & LC (net)	2,327.8	2,690.6	+15.6%

[1] Excluding exchange rate effects
[2] EBIT / reinsurance revenue (net)
[3] Reinsurance service result / reinsurance revenue (net)

Property & Casualty reinsurance: Large loss trend [1]



[1] Natural catastrophes and other large losses in excess of EUR 10 million gross

Property & Casualty reinsurance: Revenue development in individual markets and lines in 2024

in EUR million	Reinsurance revenue (gross) 2023	Reinsurance revenue (gross) 2024	Change in reinsurance revenue (gross) relative to previous year
Regional markets			
Americas	4,696.5	4,716.3	+0.4%
Asia-Pacific	2,075.9	1,993.2	-4.0%
Europe, Middle East and Africa (including CIS countries)	3,947.5	4,256.0	+7.8%
Worldwide markets			
Facultative Reinsurance	1,047.5	1,069.7	+2.1%
Structured Reinsurance and Insurance-Linked Securities	3,053.9	4,821.0	+57.9%
Aviation and Marine	551.1	524.2	-4.9%
Agricultural Risks	656.5	463.5	-29.4%
Credit, Surety and Political Risks	795.0	820.9	+3.2%

Regional markets

Europe, Middle East and Africa (including CIS countries)

European markets were again impacted by extreme weather events in the 2024 financial year. The largest natural catastrophe losses were the result of floods caused by intense rainfall in Germany, parts of Central and Eastern Europe and Spain. Prices and conditions stabilised overall on an improved level.

Responsibility for **Germany** within the Hannover Re Group is assigned to our subsidiary E+S Rückversicherung AG. The year under review here was again one of weather extremes. The first floods were recorded right at the beginning of the year, with the June flooding in Southern Germany taking a particularly heavy toll on the German insurance industry. The German Weather Service (DWD) reports that the period from mid-2023 to mid-2024 brought the most precipitation in twelve months since records began.

The tariff measures implemented by primary insurers in motor business led to an improvement in results. With a combined ratio of more than 100%, the line nevertheless still remained in the red. This was driven by the continued sharp rise in the cost of repairs and spare parts. As an additional factor, increased expenditures were incurred in connection with large bodily injury claims on account of rising care costs.

In **France**, the year passed off largely benignly on the natural catastrophe front. In terms of human-caused losses, the serious unrest in the French overseas territory of New Caledonia in May and the resulting significant losses were particularly noteworthy, again putting the spotlight on the potential for losses from SRCC (Strikes, Riots and Civil Commotion) events in the prevailing generally dynamic geopolitical climate.

Aside from two locally contained flood events in the Emilia-Romagna region in the autumn, **Italy** enjoyed a more serene claims year in 2024 than in prior years. Profits were, however, impacted by a negative run-off of losses from the previous year's severe hail events.

Spain, on the other hand, suffered some of the most severe flooding in many years. The area around Valencia experienced very heavy rainfall that in some instances surpassed the total annual amount of precipitation within a single day. The resulting losses were, however, for the most part carried by the state-backed insurance scheme. The private (re)insurance industry was therefore less affected. Conditions in Spain were competitive over the course of the year, but on a satisfactory level.

In **Central and Eastern Europe**, Russia's war of aggression on Ukraine continued to influence economic developments. Overall, the price level was commensurate with the risks. Rates in Türkiye stabilised after the steep increases seen in the previous year and remained high on account of the 2023 earthquake losses. We made the most of business opportunities, expanding our portfolio in both Türkiye and Poland, among other geographies.

In **Northern Europe**, major fire claims led to increased expenditure for Hannover Re for the second time in a row. Precisely for this reason, demand for high-quality reinsurance protection held firm while the available capacities tightened somewhat.

In the **United Kingdom, Ireland and the London Market**, further rate increases were seen on the primary insurance market over the course of the year, although these were more modest than in the previous year. Prices in some liability lines settled on the previous year's level, while rate reductions were also possible in some segments. It was still possible to secure rate increases for motor business on the primary market. We continue to monitor developments in Ukraine and the Middle East as well as their potential impacts on our mostly proportional reinsurance book of terrorism and political risks that we write in the London Market.

In the **Middle East** we transact both traditional reinsurance for the Middle East and North Africa region and business in accordance with Islamic law, known as retakaful. We offer Sharia-compliant reinsurance capacities worldwide through our subsidiary Hannover ReTakaful. Our focus here is on the Middle East, North Africa and Southeast Asia.

The reinsurance market in the Middle East was again shaped in the financial year just ended by regulatory reforms and the growth of the primary market. The losses caused by heavy rainfall and flooding in Dubai and other regions led to considerably higher prices and improved conditions in the loss-affected countries. As a further factor, the intensified conflicts in the Middle East adversely impacted business growth in the affected and neighbouring countries. Conversely, demand there rose sharply for coverage of terrorism and political risks.

The insurance sector in **South Africa** has proven its resilience despite persistent economic headwinds. Nevertheless, infrastructure problems, climate risks and global economic uncertainties continue to pose risks. We acted on opportunities for profitable growth in 2024 and further enlarged our reinsurance portfolio. Over the course of the year we observed an increase in the supply of reinsurance capacity. While market conditions began to soften, they were still adequate and attractive, enabling us to write business with healthy margins.

Americas

North America is the largest insurance market in the world. Our business here is written largely through brokers. Economic developments in North America were again overshadowed by uncertainties in 2024, associated in part with the presidential election in November. Rising prices, energy costs and immigration policy were the dominant themes. While the influence of these concerns on the insurance sector could again be felt in 2024, it put the industry under less pressure than in previous years.

Despite this general landscape, the US economy proved to be relatively robust overall. The premium volume on the primary market therefore continued to grow, with insurers able to secure further rate increases. The trend towards higher prices in property and casualty lines was sustained for the fifth year in a row, with the latter showing considerably more momentum.

What had been predicted to be an active hurricane season passed off fairly moderately. In late September and early October, however, Hurricanes Helene and Milton made landfall in Florida in quick succession. In addition, Hurricane Beryl had already tracked across the Caribbean in July. While the year under review was not overshadowed by these major events in terms of losses, taken in combination with the continued high number of severe convective storms 2024 proved to be another eventful year for the primary and reinsurance sector.

Latin America continued to deliver pleasing growth in primary insurance and reinsurance business alike. The below-average insurance density and rising prosperity are enabling further growth in various lines, most notably in motor and fire insurance. This is supported by the political and economic stability currently prevailing in most countries in the region. The growth recorded in Latin America nevertheless lagged behind that seen in Asian markets.

After Hurricane Otis in the previous year, it was primarily flooding in Brazil that caused substantial losses in 2024. Although flood insurance is not standard, the insured damages were higher than anticipated owing to the widespread and long-lasting impacts. As in 2021, the country was thus once again affected by natural disasters that can be attributed primarily to climate change.

Asia-Pacific

The **Asia-Pacific** region continued to enjoy strong growth rates. Business in China was stable with significant growth. Despite some catastrophic events such as torrential rainfall in the summer and typhoons in the autumn, business developed in line with expectations.

In the rest of the Asia-Pacific region, sustained economic growth opened up new business opportunities. At the same time, an increase in natural catastrophes could be observed. Market conditions remained stable overall. We continued to grow our footprint in Malaysia, Vietnam and Thailand. Despite Typhoon Yagi, the losses incurred by Hannover Re in Vietnam came in within our expectations.

The Indian market remained fiercely competitive. While there have been no noteworthy sizeable natural catastrophes in the recent past, sufficient reinsurance capacities were available. We kept our focus here on profitable growth.

Australia and New Zealand were both spared significant natural catastrophes, a gratifying development after the very severe and frequent events of previous years. We further strengthened our client relationships, in part by increasing our exposure to existing programmes and also by participating in sizeable new programmes that were made viable by a more advantageous rate environment and improved conditions.

Worldwide markets

Structured Reinsurance and Insurance-Linked Securities

In the **Structured Reinsurance and Insurance-Linked Securities** reporting category we combine our business involving tailor-made property and casualty reinsurance solutions and insurance-linked securities (ILS).

In **structured reinsurance** we rank as one of the world's largest providers of innovative and bespoke reinsurance solutions. These deliver solvency relief and thus have a positive effect on our clients' capital and rating, or they protect them against the strain of frequency losses. Furthermore, structured concepts offer an alternative in cases where traditional reinsurance capacity cannot be accessed to the full extent. Along with the traditional clientele of primary insurers, structured reinsurance is increasingly in demand among large corporate groups and their in-house insurance captives.

Globally, we further expanded our customer base and increased the number of treaties and associated premium volume on attractive terms. Given the favourable conditions still prevailing on property and casualty reinsurance markets around the world, we continue to be able to offer our clients alternative coverage concepts at good conditions.

Hannover Re continues to leverage the entire spectrum of opportunities offered by the **insurance-linked securities** market. On the one hand, we ourselves take out reinsurance with ILS investors, while at the same time we transfer our clients' risks to the capital market. This is done in the form of catastrophe bonds or through collateralised reinsurance, under which our business partners are primarily specialised ILS funds. We also invest in catastrophe bonds.

In 2024, the volume of new exposures that we transferred to the capital market in the form of catastrophe bonds totalled around USD 4 billion, spread across 13 transactions. This volume was higher than the record year of 2023. Covers were placed to protect against losses from natural catastrophes such as floods, windstorm events and earthquakes. The largest transaction was a USD 1.4 billion catastrophe bond for the Texas Windstorm Insurance Association.

The volume of collateralised reinsurance, which remains by far our largest segment in the ILS sector, remained stable in the year under review on a high level.

The important role played by the capital market in the purchasing of our own retrocession protection was unchanged. Since as long ago as 1994, we have placed a protection cover for Hannover Re known as the "K cession" – a modelled quota share consisting of non-proportional reinsurance treaties in the property, catastrophe, aviation and marine (including offshore) lines – inter alia on the ILS market. In addition, we were able to transfer cyber risks to the capital market for the first time in the form of a parametric catastrophe bond, an innovation for the ILS market in this combination. We also made use of the ILS market for other protection covers.

Facultative Reinsurance

In contrast to obligatory reinsurance, we write primarily individual risks in **facultative reinsurance**. The general framework conditions for both types of reinsurance in the various markets are extensively correlated.

The attractive reinsurance conditions of the previous year continued in the 2024 reporting year. After the significant rate increases seen around the world over the past few years, however, modest rate erosion is currently increasingly evident here. The pressure on prices was most marked in regions or lines that had recorded the lowest losses in recent years. Nevertheless, we are also seeing that further improvements in conditions can be obtained in loss-prone lines.

The supply of facultative reinsurance solutions was stable on a high level in the reporting year. We succeeded in further profitably expanding the earned facultative premium in the year under review at attractive reinsurance conditions. The large number of natural catastrophes impacted the business result in facultative reinsurance to only a minimal extent. We have maintained our sustainability goals unchanged.

Credit, Surety and Political Risks

Coming off a rather low level, loss ratios moved moderately higher in **credit and surety insurance** as well as in the **political risks** segment. Rising insolvency numbers and deteriorating economic conditions around the world were the drivers here. This spurred growing demand for insurance and reinsurance in 2024, while prices mostly held stable.

Cyber and Digital Lines

With a view to ensuring the greatest possible consistency for our clients and business partners and offering them the optimal capacity, we have combined our global business in cyber and digital lines in a new department. A large part of the current portfolio derives from North America and the United Kingdom, but we also serve demand from Europe and other regions sustainably and with a focus on on tailored solutions for our business partners. Overall, the growth is in line with the risk appetite and the strategy of managing risks flexibly while leveraging market opportunities.

Over the past two years, following a brief phase of necessary market corrections, the **cyber insurance** market has again seen an inflow of capacity and hence declining premiums. At the same time, the aggregation and accumulation risk, in particular, presents a challenge for insurers and reinsurers alike. Global cyber incidents, as illustrated by the CrowdStrike-related IT outages, once again put the spotlight on the systemic threat situation in 2024.

When it comes to **digital risks**, we focus inter alia on covers for insurtechs with innovative business models. Especially over the coming years, we see considerable potential here for profitable new business.

We also bring together our business with **parametric covers** in this unit. In this innovative business segment, we were able to support our global customers in numerous lines in the reporting year. Along with the growing segment of innovative solutions for our cedants, this also includes coverage concepts with public partners, including for example the government of Puerto Rico and the Natural Disaster Fund.

Aviation and Marine

As expected, the market for **aviation** reinsurance stabilised in the course of the year. The first moderate price reductions for non-proportional covers have been recorded of late. Accordingly, further price declines were observed in the primary market for aviation risks, particularly in the major airline segment. In war risk insurance, which has come under the spotlight due to increasing geopolitical tensions, the price level remained largely stable.

Marine business was characterised by stable prices and conditions in the reporting period. Geopolitical developments as well as Russia's continued unabated war of aggression on Ukraine influenced demand for our products, which we frequently offered in conjunction with (non-proportional) coverage for terrorism and political risks.

Agricultural Risks

The reinsurance revenue in business with **agricultural risks** was sharply lower owing to the adjustment of certain large treaties. Generally speaking, however, demand for insurance and reinsurance solutions is steadily increasing in the face of a growing need for commodities and foodstuffs as well as an accumulation of extreme weather events. We support our customers and partners here with a range of reinsurance solutions and achieved stable prices and conditions in the year under review. The largest loss expenditures were caused by an exceptional hail event affecting fruit farming in the Benelux countries as well as drought damage impacting maize cultivation in Zambia.

Life & Health reinsurance

- Reinsurance revenue (gross) up by 0.6% to EUR 7,714.5 million adjusted for exchange rate effects
- New business CSM (net) amounts to EUR 316.7 million
- Contractual service margin (net) grows by 9.5% to EUR 6.5 billion
- Longevity covers and financial solutions still in particularly high demand among customers
- Reinsurance service result (net) beats target at EUR 882.9 million
- Operating result rises by +7.2% to EUR 933.9 million

In all segments of life and health reinsurance we enjoyed sustained strong demand from our clients in 2024. Our business in the year under review was once again shaped by the trend towards intense competition on global life and health reinsurance markets.

The new business CSM (net) amounted to EUR 316.7 million (EUR 359.2 million). The new business LC (net) came to EUR 6.3 million (EUR 14.4 million). In addition, contract renewals and amendments in the in-force portfolio increased the contractual service margin (net) to EUR 6,516.8 million (EUR 5,950.3 million).

Reinsurance revenue for the Life & Health reinsurance business group reached EUR 7.7 billion (EUR 7.6 billion); the increase in the reinsurance revenue would have been 0.6% at constant exchange rates.

The reinsurance service result (net) improved by +9.0% to EUR 882.9 million (EUR 809.8 million), thereby beating our target for life and health reinsurance of more than EUR 850 million. The reinsurance finance result (net) before exchange rate effects, reflecting interest accretion on technical provisions discounted in prior years, fell to EUR -170.3 million (EUR -158.2 million).

Investment income generated by the Life & Health reinsurance business group fell by -4.6% to EUR 396.1 million (EUR 415.4 million).

The operating result (EBIT) increased by 7.2% to EUR 933.9 million (EUR 871.2 million).

Key figures for Life & Health reinsurance

in EUR million	2023	2024	+/- previous year
Reinsurance revenue (gross)	7,632.5	7,714.5	+1.1%
Reinsurance service result (net)	809.8	882.9	+9.0%
Reinsurance finance result (net) [1]	-158.2	-170.3	+7.6%
Investment income	415.4	396.1	-4.6%
Operating result (EBIT)	871.2	933.9	+7.2%
EBIT margin [2]	12.6 %	13.1 %	
New business CSM & LC (net)	344.8	310.4	-10.0%

[1] Excluding exchange rate effects
[2] EBIT / reinsurance revenue (net)

We provide below a detailed overview of developments in the individual reporting categories – Financial Solutions, Longevity Solutions and Mortality and Morbidity Solutions.

Key figures broken down by segments

in EUR million	Reinsurance revenue (gross) 2023	Reinsurance revenue (gross) 2024	Change in reinsurance revenue (gross) relative to previous year
Financial Solutions	1,119.8	1,059.1	-5.4%
Longevity Solutions	1,735.2	1,787.1	+3.0%
Mortality Solutions	3,136.5	3,018.3	-3.8%
Morbidity Solutions	1,641.0	1,850.2	+12.7%

Financial Solutions

In the **Financial Solutions** reporting category, we offer a broad range of reinsurance solutions specially tailored to our customers' diverse needs. These solutions help our clients to improve their financial stability, liquidity and capital position.

The United States will continue to be a particularly important market for our financial solutions business, which in 2024 again delivered a considerable share of our total result. In Europe, too, we benefited from strong demand and generated new business in some markets. In China, on the other hand, the business performance was not as favourable in 2024 as in previous years. A regulatory change and the resulting uncertainties in the market led to a reduction in the new business taken out in the second half of 2024. This did not have any influence on other Asian markets, where interest in financial solutions consequently remained unchanged on a high level.

Longevity Solutions

In the **Longevity Solutions** reporting category, we group together our reinsurance business in which we cover longevity risks for our customers. We develop tailored annuity products that meet the individual needs of policyholders in different life situations. They include deferred annuities, unit-linked annuities, reinsurance solutions for reverse mortgages and occupied life annuities, immediate LTC annuities and enhanced annuities, which offer pensioners with pre-existing conditions a higher annuity payment due to diminished life expectancy. In addition, we reinsure traditional annuity policies and pension blocks.

Overall, demand for our longevity products grew around the world in 2024, including for example in the United States, Australia, South Korea, Malaysia, the Netherlands, Canada and Peru. In the United Kingdom, by far the most developed market for coverage of longevity risks, our business developed in line with expectations, although competition here is becoming increasingly intense.

Mortality and Morbidity Solutions

Mortality Solutions traditionally account for the bulk of the premium income generated in life and health reinsurance. We provide reinsurance protection for the risk that the actual mortality diverges from what was originally expected.

Within the **Morbidity Solutions** reporting category, we concentrate on the risk of a deteriorating state of health due to disease, injury or infirmity. We offer a wide range of possible combinations of covered risks, including for example strict (any occupation) disability, occupational disability and long-term care insurance.

We recorded good growth in morbidity solutions in all geographies and expanded our book of business. Australia and Europe played an especially positive part here. Our mortality solutions business developed broadly in line with expectations, with positive contributions from Latin America and France, among other markets.

Investments

- Return on investment beats minimum 2.8% target to reach 3.2%
- Higher interest rate level leads to increased earnings from fixed-income securities
- Volume of investments grows to EUR 65.9 billion

Ordinary investment income was significantly above the previous year's level at EUR 2,353.2 million (EUR 1,981.5 million), driven primarily by another increase in earnings from fixed-income securities. This was evident not only from the pure coupon payments but also in the positive amortisation amounts. Our portfolio of inflation-linked bonds played a part here, contributing EUR 149.2 million (EUR 180.0 million). This reflects reduced inflation expectations compared to the previous year. In addition, we booked higher current earnings from alternative investments. Income from measurement of our investments in associated companies at equity was boosted to EUR 27.4 million (EUR 16.3 million).

The net losses realised on disposals amounted to EUR -90.4 million (EUR -153.9 million), reflecting our current cautious positioning. By far the bulk of this amount was realised on fixed-income securities and as part of general portfolio maintenance and duration management.

We increased the provisions established for expected credit losses (ECL) in accordance with IFRS 9 by a net amount of EUR 2.9 million through profit or loss in the reporting period (charge of EUR 22.8 million). Depreciation recognised on directly held real estate totalled EUR 60.5 million (EUR 56.3 million). In addition, we recognised impairments here on selected properties in a total amount of EUR 37.5 million (EUR 79.1 million).

The net changes in the fair value of our assets recognised at fair value through profit or loss amounted to EUR 2.7 million (EUR 76.0 million). Particularly significant here were positive changes in the fair values of derivatives relating to the technical account and of directly held fixed-income securities and infrastructure investments. Changes in the fair values of alternative investment funds, primarily from the real estate sector, and currency hedges had an opposing effect. The latter are offset by mostly opposite currency effects from our technical liabilities, for which these derivatives were entered into as collateral.

The net investment income of EUR 2,005.1 million (EUR 1,588.2 million) was clearly higher than in the previous year. Our investments thus delivered an annualised average return of 3.2%, thereby beating the target return of at least 2.8% envisaged for the year under review. This was due principally to the fact that the interest rate landscape developed somewhat differently to our projections for the reporting period.

Net investment income

in EUR million	2023	2024	+/- previous year
Ordinary investment income	1,981.5	2,353.2	+18.8%
Expected credit losses, impairment, depreciation and appreciation of investments	-155.8	-98.3	-7.1%
Change in fair value of financial instruments	76.0	2.7	-96.4%
Profit / loss from investments in associated companies and joint ventures	16.3	27.4	-125.9%
Realised gains and losses on investments	-153.9	-90.4	-41.3%
Other investment expenses	-175.9	-189.6	+7.8%
Investment income	**1,588.2**	**2,005.1**	**+26.2%**

Financial position and net assets

- Risk-commensurate investment policy
- Highly diversified investment portfolio
- Equity base remains robust

Investment policy

Hannover Re's investment policy continues to be guided by the following core principles:

- generation of stable and risk-commensurate returns while at the same time maintaining the high quality standard of the portfolio
- ensuring liquidity and solvency at all times
- high diversification of risks
- limitation of currency exposure and maturity risks through matching currencies and maturities

With these goals in mind, we engage in active risk management based on balanced risk/return analyses. To this end we adhere to centrally implemented investment guidelines and incorporate insights gained from dynamic financial analysis. They form the basis for investment ranges which are specified in light of the prevailing state of the market and the requirements on the liabilities side and within which operational management of the portfolio takes place. These measures are intended to safeguard the generation of an appropriate level of return. In so doing, we pay strict attention to compliance with our clearly defined risk appetite, which is reflected in the risk capital allocated to the investments and constitutes the foundation for the asset allocation of the entire Group and the individual portfolios. Our ability to meet our payment obligations at all times is also ensured in this way. Within the scope of our asset/liability management (ALM), the allocation of investments by currencies and maturities is determined by the technical liabilities. The modified duration of our bond portfolio is geared largely to the technical liabilities.

By adjusting the maturity pattern of our fixed-income securities to the expected payment patterns of our liabilities, we reduce the economic exposure to the interest rate risk. Through active and regular management of the currency spread in our fixed-income portfolio we also aim for extensive matching of currencies on the assets and liabilities sides of the balance sheet, as a consequence of which fluctuations in exchange rates have only a limited effect on our result. As at year-end 2024 we held 27.1% (30.6%) of our investments in euros, 48.7% (41.1%) in US dollars, 4.6% (5.3%) in pound sterling and 5.5% (6.5%) in Australian dollars.

Breakdown of investments

in %	2023	2024
Government bonds	35.2	33.2
Semi-government bonds	14.7	14.7
Corporate bonds	28.7	31.5
Covered bonds	6.5	6.5
Equity (listed, private)	3.3	3.4
Real assets	6.7	6.6
Other	2.7	2.0
Short-term investments and cash [1]	2.0	2.1
in EUR million		
Investments	60,128.9	65,888.2

[1]Item "Short-term investments and cash" excluding cash from 2023 onwards

Investment portfolio

At EUR 65.9 billion, our portfolio of assets under own management was significantly higher than the comparable level of the previous year (EUR 60.1 billion). The main positive factors here were inflows from operational business, lower risk premiums on corporate bonds and interest rate declines in short maturities in the euro segment as well as exchange rate effects. Higher interest rates in medium and long maturities were the primary opposing factor.

Our investments benefited from our continued rather cautious positioning. Furthermore, in the context of our asset-liability management we always strive for the most balanced possible interest rate positions of our investments in relation to the technical liabilities so as to be able to leverage opposing effects of changes in market rates on the value development of investments and provisions. This is also reflected in the balance sheet due to the applicable IFRS 17 and IFRS 9 accounting standards. Observed interest rate volatility therefore has only a limited impact on our shareholders' equity and solvency.

We monitor movements on markets relevant to our worldwide real estate portfolio very closely. Uncertainties around the future development of specific properties were recognised in the valuation at the balance sheet date. We had already scaled back our exposure to the Chinese real estate market in the previous year.

We held our asset allocation largely stable with a rather cautious posture in the year under review. In so doing, we consistently kept a very close eye on the markets relevant to our portfolio so as to be able to act on attractive entry opportunities. Minimal adjustments to the asset allocation were prompted primarily by the constant goal of maintaining matching currencies and durations with our technical liabilities. The modified duration of our portfolio of fixed-income securities was somewhat shorter compared to the end of the previous year at 4.4 (4.7). We made the most of attractive opportunities in our real estate portfolio by acquiring two logistics properties in Germany and the United States and selling an office building in the United States.

In all other asset classes we made only minimal changes in the context of regular portfolio maintenance.

The net charges on debt instruments recognised at fair value through OCI in other income and expenses amounted to EUR 3.3 billion (EUR 3.2 billion). As to the quality of the bonds measured in terms of rating categories, the proportion of securities rated "A" or better remained on a consistently high level of 75.7% (75.8%) at year-end.

Rating of fixed-income securities

in %	2024
AAA	24.0
AA	30.5
A	21.2
BBB	17.4
<BBB	7.0

Holdings of alternative investment funds increased overall in the year under review. As at 31 December 2024 an amount of EUR 2,265.1 million (EUR 2,018.9 million) was invested in private equity funds, with a further EUR 673.9 million (EUR 665.2 million) attributable predominantly to fund investments in high-yield bonds and loans. In addition, altogether EUR 1,221.2 million (EUR 1,043.8 million) was invested in structured real estate and infrastructure investments. The uncalled capital with respect to the aforementioned alternative investments totalled EUR 1,909.0 million (EUR 1,161.6 million).

At the end of the year under review, we held a total amount of EUR 1,365.7 million (EUR 1,224.8 million) in short-term investments.

Analysis of the capital structure

The technical provisions and liabilities are of course by far the most significant item in our balance sheet. Further elements are equity and equity substitutes, which help to substantially strengthen our financial base and optimise our cost of capital. The following table shows our capital structure as at 31 December 2024.

Capital structure as at 31 December

in %	2024
Equity	17.6
Contractual service margin (net)	11.3
Risk adjustment for non-financial risk	5.6
Other technical provisions and liabilities [1]	51.8
Long-term debt and notes payable	6.5
Other liabilities	7.2

[1] Plus asset items included in the CSM and in the risk adjustment

The technical provisions and liabilities shown above, including the contractual service margin and the risk adjustment for non-financial risk, make up 68.7% (67.6%) of the balance sheet total and are more than covered by our investments and reinsurance recoverables.

The equity including non-controlling interests at 17.6% (16.6%) of the balance sheet total as well as the long-term debt and – especially – notes payable at altogether 6.5% (7.3%) of the balance sheet total represent our most important sources of funds.

We ensure that our business is sufficiently capitalised at all times through continuous monitoring and by taking appropriate steering actions as necessary.

Group shareholders' equity

Compared to the position as at 31 December 2023, Group shareholders' equity increased in the year under review from EUR 11,019.5 million to EUR 12,688.3 million. After adjustment for non-controlling interests, it grew by EUR 1,667.7 million or +16.5% to EUR 11,794.5 million. The book value per share increased accordingly by +16.5% to EUR 97.80. The changes in the shareholders' equity were shaped chiefly by the following developments:

Cumulative foreign currency gains amounting to EUR 667.5 million were recorded as at the balance sheet date due to exchange rate movements of foreign currencies against the euro. Compared to the cumulative foreign currency gains of EUR 160.5 million in the previous year, this constitutes an increase of EUR 507.0 million in the foreign currency gains and losses recognised in OCI. This increase in the currency translation reserve from the translation of the shareholders' equity of foreign subsidiaries resulted principally from the appreciation of the euro against almost all relevant currencies, especially the US dollar.

The balance of unrealised gains and losses on investments stood at EUR -1,997.4 million, a decrease of EUR 12.2 million compared to the beginning of the year under review, and thus remained on a virtually unchanged level. The fair value of our technical provisions and liabilities retreated by EUR 314.3 million to EUR 1,712.0 million due to interest rate effects.

Non-controlling interests in shareholders' equity increased by EUR 1.1 million to EUR 893.8 million as at 31 December 2024. The bulk of this – in an amount of EUR 790.3 million (EUR 813.3 million) – is attributable to the non-controlling interests in E+S Rückversicherung AG.

The Group net income for 2024 attributable to the shareholders of Hannover Rück SE amounted to EUR 2,328.7 million (EUR 1,824.8 million). The non-controlling interest in the profit generated in the year under review totalled EUR 68.1 million (EUR 2.8 million).

In its capital management Hannover Re is guided by the requirements and expectations of the rating agencies with an eye to its targeted rating. Furthermore, while making appropriate allowance for business policy considerations and factors that influence market presence, the allocation of capital to the Group's operational companies is based upon the economic risk content of the business group in question. The Group companies are also subject to national capital and solvency requirements. Adherence to these capital requirements is continuously monitored by the responsible organisational units on the basis of the latest actual figures as well as the corresponding planned and forecast figures. From the Group perspective we manage Hannover Re's solvency largely through the use of our internal capital model (see the **„Opportunity and risk report“**).

Financing and Group debt

In addition to the financing effect of the changes in shareholders' equity described above, debt financing on the capital market is a significant component of Hannover Re's financing. It is essentially composed of bonds issued to ensure lasting protection of our capital base – in part also in observance of rating requirements. The total volume of long-term debt and notes payable stood at EUR 3,980.9 million (EUR 3,976.8 million) as at the balance sheet date.

Our bonds supplement our equity resources with the aim of reducing the cost of capital and also help to ensure liquidity at all times. As at the balance sheet date altogether six (previous year: six) bonds had been placed on the European capital market through Hannover Rück SE and Hannover Finance (Luxembourg) S. A.

The following table presents an overview of the amortised cost of the issued bonds.

Amortised cost of our bonds

in EUR million	Issue date	Coupon	2023	2024
Hannover Rück SE, subordinated debt, EUR 500 million; 2014/undated	15.9.2014	3.375 %	498.9	499.6
Hannover Rück SE, senior bond, EUR 750 million; 2018/2028	18.4.2018	1.125 %	747.0	747.7
Hannover Rück SE, subordinated bond, EUR 750 million; 2019/2039	9.10.2019	1.125 %	744.0	745.1
Hannover Rück SE, subordinated bond, EUR 500 million; 2020/2040	8.7.2020	1.750 %	496.4	497.0
Hannover Rück SE, subordinated bond, EUR 750 million; 2021/2042	22.3.2021	1.375 %	744.5	745.2
Hannover Rück SE, subordinated bond, EUR 750 million; 2022/2043	14.11.2022	5.875 %	746.0	746.3
Total			**3,976.8**	**3,980.9**

Several Group companies have also taken up long-term debt – principally in the form of mortgage loans – amounting to EUR 581.5 million (EUR 797.7 million).

For further explanatory information please see our remarks in the notes to this report, section **6.7 "Financing liabilities"** and section **6.8 "Shareholders' equity and treasury shares"**. Various financial institutions have provided us with letters of credit for the collateralisation of technical liabilities. We report in detail on existing contingent liabilities in the notes, section **9.7 "Contingent liabilities and commitments"**.

Analysis of the consolidated cash flow statement

Liquidity

We generate liquidity from our operational reinsurance business, investing activities and financing measures. Through regular liquidity planning and by managing the fungibility of our investments, we ensure that Hannover Re is able to make the necessary payments at all times. Hannover Re's cash flow is shown in the consolidated cash flow statement.

Hannover Re does not conduct any automated internal cash pooling within the Group. Liquidity surpluses are managed and created by the Group companies. Various loan relationships exist within the Hannover Re Group for the optimal structuring and flexible management of the short- or long-term allocation of liquidity and capital.

Consolidated cash flow statement

in EUR million	2023	2024
Cash and cash equivalents at the beginning of the period	**1,323.2**	**1,054.8**
Cash flow from operating activities	5,785.5	5,681.9
Cash flow from investing activities	-4,509.8	-4,412.1
Cash flow from financing activities	-1,501.4	-1,105.0
Exchange rate differences on cash	-42.7	33.5
Change in cash and cash equivalents	**-268.4**	**198.3**
Cash and cash equivalents at the end of the period	**1,054.8**	**1,253.1**

Cash flow from operating activities

The cash flow from operating activities, which also includes inflows from interest received and dividend receipts, amounted to EUR 5,681.9 million in the year under review compared to EUR 5,785.5 million in the previous year.

Cash flow from investing activities

The balance of cash inflows and outflows from operating activities and financing activities in an amount of EUR -4,412.1 million (EUR -4,509.8 million) was invested in accordance with the company's investment policy, giving particular consideration to the matching of currencies and maturities on the liabilities side of the technical account. Regarding the development of the investment portfolio, please see also our remarks at the beginning of this subsection.

Cash flow from financing activities

The cash inflow from financing activities amounted on balance to EUR -1,105.0 million (EUR -1,501.4 million) in the year under review. This item includes the dividends paid out in the financial year by Hannover Rück SE, E+S Rückversicherung AG and other Group companies to parties outside the Group totalling EUR 913.1 million (EUR 768.6 million). The balance from the issuance and repayment of long-term debt, which is also included in the cash flow from financing activities, amounted to EUR -196.3 million (EUR -760.6 million).

Overall, the cash and cash equivalents therefore increased year-on-year by EUR 198.3 million to EUR 1,253.1 million.

For further information on our liquidity management please see the opportunity and risk report.

Information pursuant to § 315 and § 315a Para. 1 German Commercial Code (HGB)

The common shares (share capital) of Hannover Rück SE amount to EUR 120,597,134.00. They are divided into 120,597,134 registered no-par shares. In this connection reference is made to the required disclosures pursuant to § 160 Para. 1 No. 2 Stock Corporation Act (AktG) in the notes to the consolidated financial statement. The Executive Board of the company is not aware of any restrictions relating to voting rights or the transfer of shares, including cases where these may arise out of agreements between shareholders.

The following companies hold direct or indirect capital participations that exceed 10% of the voting rights: Talanx AG, Hannover, directly holds 50.2% (rounded) of the company's voting rights. This participation is indirectly allocable to HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit, Hannover, which holds the majority stake in Talanx AG.

There are no shares with special rights granting their holders powers of control, nor is there any specially structured voting rights control for employees who have capital participations and do not directly exercise their rights of control.

The appointment and recall of members of the Executive Board are determined by §§ 84 et seq. Stock Corporation Act (AktG). Amendment of the Statute is governed by §§ 179 et seq. Stock Corporation Act (AktG) in conjunction with § 18 (2) of the Statute of Hannover Rück SE.

The powers of the Executive Board with respect to the issue and repurchase of shares are defined in the Statute of Hannover Rück SE (§ 6 "Contingent capital" and § 7 "Authorised capital") as well as in §§ 71 et seq. Stock Corporation Act (AktG). In this connection the Annual General Meeting authorised the Executive Board on 6 May 2020 pursuant to § 71 Para. 1 Number 8 Stock Corporation Act (AktG) to acquire treasury shares on certain conditions for a period of five years, ending on 5 May 2025.

We describe below major agreements concluded by the company that are subject to reservation in the event of a change of control, inter alia following a takeover bid, as well as the resulting effects. Some letter of credit lines extended to Hannover Rück SE contain standard market change-of-control clauses that entitle the banks to early termination of a credit facility if Talanx AG loses its majority interest or drops below the threshold of a 25% participation or if a third party acquires the majority interest in Hannover Rück SE.

In addition, retrocession covers in property & casualty and life & health business contain standard market change-of-control clauses which in each case grant the other contracting party a right of termination if a significant change occurs in the ownership structure and participation ratios of the affected contracting party.

The company has not concluded any compensation agreements with the members of the Executive Board or with employees in the event of a takeover bid being made.

Information on Hannover Rück SE

(Condensed version in accordance with the German Commercial Code (HGB))

Hannover Re exercises the option to present a combined management report pursuant to § 315 Para. 5 of the German Commercial Code (HGB) in conjunction with § 298 Para. 2 of the German Commercial Code (HGB). Supplementary to the reporting on the Hannover Re Group, we discuss below the development of Hannover Rück SE.

The annual financial statement of Hannover Rück SE is drawn up in accordance with German accounting principles (HGB). The balance sheet and profit and loss account, in particular, are reproduced here in condensed form.

Hannover Rück SE transacts reinsurance in the business groups of Property & Casualty and Life & Health reinsurance. Through its global presence and activities in all lines of reinsurance, the company achieves extensive risk diversification.

Since 1 January 1997 Hannover Rück SE has written active reinsurance for the Group – with few exceptions – solely in foreign markets. Responsibility within the Hannover Re Group for German business rests with the subsidiary E+S Rückversicherung AG.

Result of operations

Hannover Rück SE recorded a pleasing business development in the 2024 financial year. The gross premium in total business grew by 9.2% to EUR 29.8 billion (previous year: EUR 27.3 billion). The level of retained premium increased to 65.3% (64.3%). Net premium earned rose by 8.9% to EUR 19.0 billion (EUR 17.4 billion).

The underwriting result before changes in the equalisation reserve came in at EUR 44.6 million (EUR -336.9 million), The combined ratio stood at 99.6% (102.0%). An amount of EUR 268.6 million (EUR 594.9 million) was withdrawn from the equalisation reserve and similar provisions in the year under review.

A considerable number of large losses were again recorded in the 2024 financial year. The total net expenditure on large losses for Hannover Rück SE amounted to EUR 941.9 million (EUR 936.5 million). The combined ratio improved to 99.6% (102.0%). The underwriting result increased to EUR 313.3 million (EUR 258.0 million).

Ordinary investment income including deposit interest came to EUR 2,242.5 million (EUR 1,581.3 million). Ordinary income from fixed-income securities totalled EUR 1,045.0 million (EUR 825.5 million).

Net gains of EUR 27.5 million (EUR 8.4 million) were realised on disposals, principally due to sales of fixed-income securities as part of portfolio maintenance.

Write-downs of EUR 33.9 million (EUR 41.7 million) were taken on investments, for the most part on bearer debt securities held as fixed assets. In the reporting period we wrote down a small part of our fixed-income securities held as fixed assets to the lower fair value even if impairment is not expected to be permanent. This similarly applies to future reporting periods. In the period under review this accounts for EUR 1.7 million (EUR 17.9 million) of the aforementioned write-downs.

The write-downs contrasted with write-ups of EUR 2.9 million (EUR 3.1 million) that were made on assets written down in previous periods to reflect increased fair values. All in all, the net investment result increased to EUR 2,075.1 million (EUR 1,453.1 million). It was thus higher than anticipated, driven primarily by significantly increased earnings from fixed-income securities. This can be attributed principally to the fact that the interest rate landscape developed somewhat differently to our forecasts for the reporting period.

The profit on ordinary activities improved by 56.3% to EUR 1,691.2 million (EUR 1,082.2 million). The year under review closed as forecast with a profit for the year that amounted to EUR 1,120.2 million (EUR 892.3 million).

Condensed profit and loss account of Hannover Rück SE

in EUR thousand	2023	2024
Earned premiums, net of retrocession	17,406,565	18,950,178
Allocated investment return transferred from the non-technical	159,777	188,535
Other technical income, net of retrocession	1	127
Claims incurred, net of retrocession	13,328,288	14,392,380
Changes in other technical provisions, net of retrocession	-149,188	-209,957
Bonuses and rebates, net of retrocession	-131	441
Operating expenses, net of retrocession	4,424,998	4,490,042
Other technical charges, net of retrocession	869	1,381
Subtotal	**-336,869**	**44,639**
Change in the equalisation reserve and similar provisions	594,854	268,621
Net technical result	**257,985**	**313,260**
Investment income	1,723,904	2,414,248
Investment charges	270,825	339,174
Allocated investment return transferred to the technical account	-161,418	-191,678
Other income	192,556	243,040
Other charges	659,955	748,544
Profit or loss on ordinary activities before tax	**1,082,247**	**1,691,152**
Taxes on profit and income and other taxes	189,986	570,953
Profit for the financial year	**892,261**	**1,120,199**
Profit brought forward from previous year	592,417	615,701
Allocations to other retained earnings	678	900
Disposable profit	**1,484,000**	**1,735,000**

Development of the individual lines of business

The following section describes the development of the various lines of business. The cooperation and exchange of business between Hannover Rück SE and E+S Rückversicherung AG has been regulated since the 2014 financial year through a quota share retrocession from Hannover Rück SE to E+S Rückversicherung AG in property and casualty reinsurance.

Hannover Rück SE: Breakdown of gross premium by individual lines of business

in EUR million	2020	2021	2022	2023	2024
Fire	3,313	4,015	5,602	5,788	6,481
Casualty	2,410	2,992	3,669	3,417	3,329
Accident	510	379	861	696	566
Motor	2,735	3,197	3,989	3,840	4,826
Aviation	322	315	280	303	321
Marine	460	544	645	702	581
Life	5,026	5,679	6,042	5,764	6,108
Other lines	4,441	4,820	6,533	6,812	7,610
Total	**19,217**	**21,941**	**27,621**	**27,321**	**29,884**

Fire

Gross premium income for the fire line increased by 12.0% to EUR 6,480.9 million (EUR 5,787.8 million). The net loss ratio amounted to 63.3% (72.2%). The underwriting result closed at EUR 187.6 million (EUR -64.2 million). An amount of EUR 189.1 million was allocated (withdrawal of EUR 1.2 million) to the equalisation reserve and similar provisions.

Liability

Gross premium in liability business contracted by -2.6% to EUR 3,328.5 million (EUR 3,416.8 million). The net loss ratio decreased to 76.1% (82.3%). An amount of EUR 193.0 million (EUR 391.2 million) was withdrawn from the equalisation reserve and similar provisions. The underwriting result consequently deteriorated to EUR 57.5 million (EUR 92.1 million).

Accident

Gross premium income for the accident line retreated to EUR 565.6 million (EUR 695.6 million). The net loss ratio stood at 46.9% (66.6%). The underwriting result came in at EUR 26.7 million (EUR -42.9 million). An amount of EUR 75.8 million (previous year: EUR 0) was allocated to the equalisation reserve and similar provisions.

Motor

Gross premium for the motor line increased by 25.7% to EUR 4,825.9 million (EUR 3,839.6 million). The loss ratio increased to 82.4% (78.7%). The underwriting result came in at EUR -90.9 million (EUR -159.0 million). An amount of EUR 192.5 million (EUR 46.7 million) was withdrawn from the equalisation reserve and similar provisions.

Aviation

Gross premium income rose by 5.9% to EUR 320.8 million (EUR 303.1 million). The loss ratio climbed to 190.9% (75.3%), driven in part by increased provision made for the group of losses associated with the war in Ukraine. The underwriting result amounted to EUR -142.1 million (EUR 80.0 million). A withdrawal of EUR 104.2 million (EUR 81.8 million) was made from the equalisation reserve and similar provisions.

Marine

The gross premium volume for the marine line declined by -17.2% to EUR 581.4 million (EUR 702.3 million). The net loss ratio improved slightly to 53.8% (54.2%). An amount of EUR 127.6 million (EUR 65.8 million) was withdrawn from the equalisation reserve and similar provisions. Due to the increased withdrawal from the fluctuation reserve, the underwriting result improved to EUR 179.6 million (EUR 123.2 million).

Life

The gross premium in the life line increased by 6.0% to EUR 6,108.4 million (EUR 5,764.0 million). Life and health reinsurance business has a clear international focus. We write our business on all continents, thereby achieving a good diversification of risks. In many instances we are directly available as a local point of contact thanks to our extensive network. In addition to traditional mortality business, we write financial solutions business as well as health and longevity risks on a worldwide basis in life and health reinsurance. The underwriting result in the life line amounted to altogether EUR 93.4 million (EUR 36.2 million).

Other lines

The lines of health insurance, credit and surety, other indemnity insurance and other property insurance are reported together under other lines. Other property insurance consists of the extended coverage, comprehensive householder's (contents), comprehensive homeowner's (buildings), burglary and robbery, water damage, plate glass, engineering, loss of profits, hail, livestock and windstorm lines. Other indemnity insurance encompasses legal protection, fidelity as well as other pure financial losses and property damage.

Gross premium income in the other lines grew by 11.7% to EUR 7,610.0 million (EUR 6,812.0 million). The net loss ratio rose to 72.2% (70.5%). The underwriting result closed at EUR 1.4 million (EUR 193.5 million), An allocation of EUR 83.7 million (withdrawal of EUR 8.0 million) was made to the equalisation reserve and similar provisions.

Assets and financial position

Balance sheet structure of Hannover Rück SE

in EUR million	2023	2024
Assets		
Intangible assets	71	104
Investments	53,919	59,147
Receivables	5,929	6,760
Other assets	484	609
Prepayments and accrued income	333	377
Total assets	**60,735**	**66,998**
Liabilities		
Subscribed capital	121	121
Capital reserve	881	881
Retained earnings	631	631
Disposable profit	1,484	1,735
Capital and reserves	**3,116**	**3,367**
Subordinated liabilities	3,250	3,250
Technical provisions	44,955	49,384
Provisions for other risks and charges	548	927
Deposits received from retrocessionaires	4,998	4,911
Other liabilities	3,867	5,160
Total liabilities	**60,735**	**66,998**

Our portfolio of assets under own management increased to EUR 48.1 billion (EUR 44.1 billion). The hidden losses on fixed-income securities and bond funds amounted to EUR 961.6 million (EUR 1,105.8 million). The main positive factors were lower risk premiums on corporate bonds and interest rate declines in euro-denominated short maturities. Opposing effects derived above all from higher interest rates in medium- and long-term maturities.

Deposits with ceding companies, which are shown under the investments, increased to EUR 11.1 billion (EUR 9.8 billion).

Our capital and reserves – excluding the disposable profit – were unchanged at EUR 1,631.7 million (EUR 1,631.7 million). The total capital, reserves and technical provisions – comprised of the capital and reserves excluding disposable profit, the subordinated liabilities as well as the net technical provisions, including the equalisation reserve and similar provisions – amounted to EUR 54.3 billion (EUR 49.8 billion). The balance sheet total of Hannover Rück SE grew to EUR 67.0 billion (EUR 60.7 billion).

An ordinary dividend of EUR 6.00 per share plus a special dividend of EUR 1.20 per share was paid out in the year under review for the 2023 financial year. This was equivalent to EUR 868.3 million (EUR 723.6 million). It will be proposed to the Annual General Meeting on 7 May 2025 that an ordinary dividend of EUR 7.00 per share plus a special dividend of EUR 2.00 per share should be paid for the 2024 financial year. This corresponds to a total dividend of EUR 9.00 per share or altogether EUR 1,085.4 million. The dividend proposal does not form part of this consolidated financial statement.

Risks and opportunities

The business development of Hannover Rück SE is essentially subject to the same risks and opportunities as that of the Hannover Re Group. As a general principle, Hannover Rück SE shares in the risks of participating interests and subsidiaries according to the amount of its respective holding; these risks are described in the risk report. The relations with participating interests of Hannover Rück SE may give rise to losses from legal or contractual contingent liabilities (particularly novation clauses and guarantees). Please see our explanatory remarks in the notes to this report.

Other information

We received an adequate consideration for all transactions with affiliated companies according to the circumstances of which we were aware at the time when the transactions were effected. We incurred no disadvantages as defined by § 311 Stock Corporation Act (AktG).

Hannover Rück SE maintains branches in Australia, Bahrain, Canada, China, France, Hong Kong, India, Ireland, South Korea, Malaysia, Sweden and the United Kingdom.

Outlook

In view of the interrelations between Hannover Rück SE and the Group companies and the former's large share of business within the Group, we refer to the subsection "Forecast" with respect to expectations for developments affecting the macroeconomic environment, capital markets and the insurance industry as well as developments on reinsurance markets. We thus anticipate net premium earned on the level of the previous year for Hannover Rück SE and a significantly improved underwriting result before changes in the equalisation reserve and similar provisions. with the investment result expected to remain stable. To this extent, the profit reported for the 2025 financial year under the German Commercial Code (HGB) is expected to show further moderate improvement on the previous year.

Combined non-financial statement

General Disclosures – ESRS 2

Basis for preparation

General basis for preparation of the non-financial statement [BP-1]

The present combined non-financial statement (hereinafter "non-financial statement") was drawn up in partial conformity with the requirements of the Corporate Sustainability Reporting Directive (CSRD (EU) 2022/2464) and covers the period from 1 January to 31 December 2024. In view of the fact that the European Directive has not yet been transposed into national German law, the non-financial statement for the 2024 financial year is published in accordance with the requirements of §§ 315c in conjunction with 289c to 289e German Commercial Code (HGB) as well as Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter EU Taxonomy Regulation), which continue to apply. This is a section of the report that the legislator has expressly exempted from the audit of the financial statements (§ 317 Para. 2 Sentence 6 and Sentence 4 German Commercial Code (HGB)). The non-financial statement has, however, been reviewed on a voluntary basis with limited assurance by the auditing firm of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hannover, in accordance with the audit standard ISAE 3000 (Revised) (see the section entitled **"Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Non-Financial Statement included in the Group Management Report"**). The report is intended to provide transparency about material non-financial matters of both the Hannover Re Group and the parent company Hannover Rück SE and thus constitutes the combined non-financial statement for the Hannover Re Group and Hannover Rück SE. In its structure, prioritisation and level of detail, it is geared to the requirements applicable to the Group and Hannover Rück SE under the

CSRD and the European Sustainability Reporting Standards (ESRS) that are material for the Hannover Re Group as well as under the EU Taxonomy Regulation. The ESRS are divided into twelve reporting standards, consisting of two overarching mandatory reporting standards and ten topical standards that are allocated to the three ESG pillars (Environment, Social, Governance) and cover a broad spectrum of sustainability-related topics. The reporting is partially aligned with the ESRS and any divergences are highlighted in the text. The disclosure requirements are also identified by means of references within the report based on the paragraphs, MDR (Minimum Disclosure Requirements) and AR (Application Requirements) of the Commission Delegated Regulation (EU) 2023/2772 (ESRS) and the official EFRAG (European Financial Reporting Advisory Group) list of datapoints.

Pursuant to the materiality assessment conducted for the 2024 reporting year, the following standards are material for Hannover Re and thus form the basis for the reporting:

- E1 – Climate change
- S1 – Own workforce
- G1 – Business conduct

In addition, general disclosures with respect to the report and materiality assessment are required by the general standard “ESRS 2”. The materiality assessment also identified "Data privacy and cyber security" as a material undertaking-specific non-financial topic. Information in this regard can be found in the chapter on business conduct (G1). The impacts, risks and opportunities identified in the context of the materiality assessment in connection with sustainability matters are identified through numbering (#) and addressed in the report. A complete overview can be found in the chapter **"Disclosures regarding the process for materiality assessment"**.

[BP-11_5b] The non-financial statement was compiled on a combined basis for the Hannover Re Group and Hannover Rück SE. As a general principle, the disclosures cover all Group entities within the IFRS scope of consolidation. This consistent approach within the management report promotes the comparability of the Hannover Re Group's financial and non-financial reporting. All Group entities not consolidated in accordance with IFRS that fall under the operational control of Hannover Re were examined with an eye to potential positive or negative impacts on sustainability matters and are considered not to be material for the sustainability reporting with respect to their informational value for the 2024 reporting year. Associated greenhouse gases of these undertakings are, however, disclosed separately from the consolidated group under chapter E1-6 in accordance with ESRS E1 §50b. For the 2024 reporting year, no other Group entities of the Hannover Re Group are subject to reporting requirements under the CSRD and exercising the option to be exempted.

[BP-1_5c] Material aspects and impacts of the upstream and downstream value chain are included in the reporting.

- The value chain is considered in the materiality assessment
- Policies, actions and targets incorporate the value chain
- The GHG balance sheet (see also E1-6) includes material emissions from both the upstream and downstream value chain

[BP1_5d] Hannover Re exercises the option to omit certain information about intellectual property, know-how or the results of innovation in one place. The corresponding place regarding targets in reinsurance business has been identified in the chapter **"Reinsurance business"** in the E1 standard.

Disclosures in relation to specific circumstances [BP-2]

Disclosures regarding reporting obligations under commercial law

[BP-2_15] The combined non-financial statement was drawn up for the Hannover Re Group in accordance with §§ 315b to 315c German Commercial Code (HGB). It constitutes a combined non-financial statement of the Hannover Re Group as well as Hannover Rück SE as the Group’s parent company.

The newly adopted European Sustainability Reporting Standards (ESRS) were used as the framework for the first time. This represents a breach of the principle of continuity in Hannover Re’s previous non-financial reporting so as to already be in conformity with the increased transparency requirements associated with the EU Corporate Sustainability Reporting Directive that is to be implemented in Germany. This gives rise to non-financial metrics such as greenhouse gas emissions, energy consumption data and employee-related indicators that were not previously reported.

Disclosures based on the Taxonomy Regulation

The non-financial statement fulfils disclosure requirements pursuant to Art. 8 of the Taxonomy Regulation. The disclosures are provided in the chapter **"Disclosures in accordance with Article 8 of the EU Taxonomy Regulation"** as part of the environmental information.

Supplementary disclosures

In the context of the parent company’s exemption, a separate non-financial statement is not drawn up for Hannover Rück SE because in accordance with the ESRS there are no differences in content and this non-financial statement covers both the Group and the parent company. The policies, actions, targets and metrics described apply to both the Hannover Re Group and Hannover Rück SE. Diverging frameworks were not used.

Various constraints should be borne in mind when interpreting the non-financial statement based on ESRS.

The present statement has been compiled on the basis of requirements from the sector-agnostic ESRS. In view of the specificity of the financial services and (re)insurance business, some requirements have only restricted applicability to these sectors and the informational value of the reporting is therefore limited. In addition, there are still uncertainties surrounding the interpretation of many ESRS requirements. Hannover Re has validated its interpretative decisions to the best of its ability based on its own analyses, with the involvement of external experts and through dialogue in industry associations. Despite exercising all due care, however, it cannot be ruled out that opinions on the interpretation of ESRS will continue to change. To this extent, the statements are to be considered a snapshot at the time when the report is published and are continuously evolving. The comparability and interpretability of the results of the non-financial reporting according to the CSRD will only emerge over time and after market standards have become established. There are also uncertainties of interpretation regarding the definition of the value chain as distinct from the company's own operations. Hannover Re takes own operations to mean the factors required for its performance such as the employees, the operation of office space and the associated infrastructure. In line with existing industry practice, the investments and the original reinsurance activities are not allocated to own operations but rather to the downstream value chain.

Internal and external data and information as well as – in certain places – quantitative extrapolations and estimates following a best effort approach are used to determine non-financial information for the reporting. The absence of reference values in many instances presented a special challenges. The goal is to constantly improve the data quality.

A multi-step internal quality assurance process was defined and followed to reduce the likelihood of publishing incomplete or incorrect data. [BP-2_13] Should a need for correction be identified subsequent to publication, a restatement will be made in time for the next publication and, in the event of material divergences, express reference will be made to the correction in the following report.

The disclosures and quantitative metrics were collected and determined in accordance with ESRS for the first time. Consequently, some disclosures have only very limited comparability with previous reporting periods covered by the voluntary sustainability reporting, which was aligned with the standards of the Global Reporting Initiative (GRI). Furthermore, the scope of the reporting has been progressively expanded in recent years to cover subsidiaries of the Hannover Re Group so as to achieve the greatest possible conformity with the financial scope of consolidation and the rest of the reporting in the management report from this year onwards. For this reason, prior-year figures are not specified in the initial reporting. This does not apply to the disclosures regarding Art. 8 of the EU Taxonomy.

[BP-2_10] Estimates and averages for the upstream and downstream value chain are used in the quantitative reporting for the GHG balance sheet where real values are unavailable or can only be obtained with very considerable effort.

In its preparation of the greenhouse gas emissions balance sheet Hannover Re is guided by the requirements of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) as well as the Partnership for Accounting in Financials Initiative (PCAF). The standards allow the use of estimates and approximations for accounting purposes if primary data are unavailable. The accounting methodology under both standards is subject to a certain imprecision, irrespective of the effort invested to obtain the data used for calculation. There are a number of reasons for this, including the variability of the emission factors used. These are supposed to indicate the quantity of greenhouse gases (generally measured as CO_2 equivalents) released per unit of a certain activity parameter (e.g. through the combustion of one litre of fuel). These emission factors, which are available in varying granularity and from various external providers, normally constitute an averaged picture of a large number of variables. Furthermore, a considerable amount of data from complex value chains is not available or certain processes cannot be measured. [BP-2_10d] The GHG Protocol recognises the limits of accounting and recommends regular review of the methods and emission factors to minimise uncertainty as well as transparent reporting on these methodological uncertainties and the approximation methods used. GHG accounting is to be seen as a continuous improvement process in which the primary focus should be on key emission drivers. The PCAF Standard for calculating financed emissions similarly recognises that the required primary data (e.g. reported CO_2 emissions of the investee undertakings or projects) are frequently unavailable and allows the use of estimates or sector averages for accounting purposes.

[BP-2_10a] In the Hannover Re Group's upstream value chain the following metrics for emissions reporting (see also E1-6) are to a large extent influenced by estimates and approximations:

[BP-2_10b] Emissions resulting inter alia from the purchase of office equipment and IT hardware are recognised under Scope 3.2. Calculations for IT hardware are for the most part based on central purchasing data. In the case of purchased monitors, figures are only available for the Hannover location (~49% of employees). These data are used for an extrapolation based on the employees at the other locations. A spent-based approach based on an external calculation tool is used for office equipment. This tool and its approximations are compatible with the GHG Protocol; it was supported by the Baden-Württemberg Ministry for the Environment, Climate and Energy Sector. These expenditures are available for roughly 80% of the workforce. The remaining 20% are extrapolated based on employee numbers. It is not possible to precisely establish the degree of accuracy of the approximation methodology used.

Emissions resulting both from employee commuting and mobile working from home are recognised under Scope 3.7. Commuting and the distances covered are established on the basis of numerous published mobility studies for the various countries in which Hannover Re operates. Correspondingly average commuting patterns are assumed. The respective types of travel and distances are accounted for using publicly available emission factors from a database recommended by the GHG Protocol (Defra). In addition, the average consumption of typical office equipment is used to calculate emissions resulting from mobile working from home, and this is then accounted for using currently available country-specific emission factors for electricity published by the International Energy Agency (IEA).It is not possible to precisely establish the degree of accuracy of the approximation methodology used.

As far as the downstream value chain is concerned, disclosures relating to financed emissions pursuant to the PCAF Standard (Scope 3.15, Investment emissions) are subject to estimates and (sector) averages to a particularly high degree. Such assumptions are made when published metrics are not available from issuers or can only be obtained with undue effort. Overall, the methodology behind this accounting is still subject to significant uncertainties and fails to recognise that Hannover Re, primarily in its capacity as a lender, can exert only a limited influence on the financed investments. For reasons associated with the business model, the portfolio also contains a large proportion of government bonds that cannot be substituted. Due to their very high carbon intensity, these account for by far the largest share of the total financed emissions. The average PCAF quality score of the financed emissions is 3.1.

[BP-2_11] In its quantitative reporting Hannover Re strives where possible to use real values as at the reporting date. This is especially true of information on own operations for own-use office space (e.g. energy consumption figures) and personnel metrics. Hannover Re's highly decentralised organisation and the varying requirements and standards in the different countries where it operates nevertheless present challenges (e.g. different lease arrangements for office premises and the timely availability of bills from energy suppliers or travel services providers). In the first year of reporting, attention has therefore been paid to time-intensive quality assurance processes, which is why the environmental metrics for own operations (see E1-5 and E1-6) are extrapolated for the last two months of the year under review. This is based on the assumption that any fluctuations in energy consumption or travel patterns will balance out over the year and extrapolation will not significantly affect accuracy. Assumptions are also made for the disclosure of greenhouse gas emissions of affiliated non-consolidated undertakings (see also E1-6) and their energy consumption due to immateriality. These are based on the average emission intensity and energy intensity values per employee within the consolidated group.

[BP-2_16] At certain places in the report mandatory disclosures are satisfied through references to other relevant documents. The following datapoints are involved:

Information included through reference [1]

Information included through reference	Referenced document	Referenced chapter
ESRS 2 GOV-3, 29b and ESRS 2 E1 GOV-3 subsection 13.	Remuneration report pursuant to Directive 2007/36/EC of the European Parliament and of the Council↗	Variable remuneration components

[1] References to further disclosures outside the (combined) non-financial statement do not form part of the ESRS reporting.

Governance

The role of the administrative, management and supervisory bodies [GOV-1]

[GOV-1_5a, 21a] Hannover Rück SE is managed in accordance with the two-tier governance system of Executive Board and Supervisory Board. The Executive Board directs the undertaking at its own responsibility, while the Supervisory Board is charged with an oversight and advisory function. The members of the Executive Board bear joint responsibility for management of the undertaking. The Executive Board takes all key decisions in day-to-day business, develops the corporate strategy and ensures its implementation, including financial planning and risk management. The work of the Executive Board is coordinated by the Chief Executive Officer.

[GOV-1_21b] The Executive Board was comprised of nine persons at the reference date of 31 December 2024, all of whom are executive members. There is no elected employee representation on the Executive Board. [GOV-1_21d] The gender ratio of the Executive Board amounts to roughly 22% based on a breakdown into seven men and two women. The average age on the Executive Board is 58, with an age range from 52 to 64. The Executive Board has members of three different nationalities.

[GOV-1_21a] The Supervisory Board is directly involved in decisions of fundamental importance to the undertaking. It does not, however, perform any executive functions. One of its central tasks is the appointment and dismissal of members of the Executive Board. The work of the Supervisory Board is coordinated by the Chairman of the Supervisory Board. The members of the Supervisory Board are appointed by the General Meeting.

[GOV-1_21b] The Supervisory Board was comprised of nine persons at the reference date of 31 December 2024, all of whom are non-executive members. [GOV-1_21a] Three employee representatives elected by the responsible representative body currently belong to the Supervisory Board. [GOV-1_21d] The gender ratio of the Supervisory Board amounts to roughly 44% based on a breakdown into four women and five men. The average age on the Supervisory Board is 59. The age range is from 44 to 70. The Supervisory Board has members of two different nationalities.

[GOV-1_21e] In accordance with the German Corporate Governance Code (DCGK), the Supervisory Board shall have an adequate number of independent members on the shareholder side. Four of the six members on the shareholder side of the Supervisory Board are independent according to the criteria of the German Corporate Governance Code. This corresponds to a ratio of roughly 66%. Note: The recommendation of the German Corporate Governance Code regarding the independence of Supervisory Board members refers solely to shareholder representatives (Code Chapter C “Composition of the Supervisory Board”, Section II “Independence of Supervisory Board members”, Recommendations C.6-C.12). In line with the Code, we report solely on the independence of shareholder representatives with respect to ESRS 2, GOV-1_21e.

[GOV-1_21c, 23a] The Executive Board and Supervisory Board must have the expertise needed to steer and supervise the undertaking. In the reinsurance industry it is essential to continuously expand expertise in matters of sustainability.

Based on their training and professional experience, the members of the Executive Board have wide-ranging expertise in sustainability topics. The members of the Executive Board shall at all times demonstrate the professional fitness required for sound and prudent leadership of the undertaking. This requires an understanding of the business transacted by the undertaking as well as the ability to evaluate the resulting risks for the undertaking within the scope of legal provisions. Insofar as a member has divisional responsibility, sound theoretical and practical knowledge of this area is required. In areas outside their divisional responsibility, the member of the Executive Board must be able to understand and question the decisions of other Board members in order to fulfil the overall responsibility of the Executive Board.

For each position on the Executive Board that is to be filled, Hannover Rück SE draws up a concrete requirements profile as well as an explanation of the extent to which an envisaged member satisfies this profile. In evaluating professional fitness, special consideration is given to the following criteria:

– sufficient theoretical and practical knowledge in the areas: insurance and financial markets, business strategy and business model, governance system, financial analysis and actuarial analysis, regulatory matters, internal model,
– insurance-specific knowledge in the fields of risk management and information technology,
– leadership skills,
– professional qualifications and knowledge (specialist expertise),
– relevant experience in the insurance sector, other financial sectors and other undertakings (market knowledge),
– language skills and
– analytical understanding.

[GOV-1_21c] Jean-Jacques Henchoz is Chief Executive Officer and responsible in this capacity for the areas of Group Operations and Strategy, IT, Facility Management, Human Resources Management, Corporate Communications, Group Internal Audit, Group Risk Management and Compliance. He can draw on a successful career spanning multiple executive positions in reinsurance – in life/non-life business, financial solutions and underwriting – including international responsibility and experience. Mr. Henchoz has a university degree in political science and business administration. The Chief Executive Officer represents the Executive Board and the company in interactions with the broader public, especially with public authorities, associations, economic organisations and the media. In addition, he is responsible for coordination of all the divisions and for coordination with the Supervisory Board.

Sven Althoff is a member of the Executive Board with responsibility for property and casualty reinsurance and for coordination of the Property&Casualty reinsurance business group. Mr. Althoff bears worldwide responsibility for the areas of aviation and marine, credit, surety and political risks, facultative reinsurance and quotations as well as regional responsibility for North America and the United Kingdom, Ireland and the London Market. Mr. Althoff, who has a master’s degree in economics, has been with Hannover Re since 1993. During this time, he has built up professional expertise in the areas of obligatory US treaty business, marine, aviation and worldwide marine business.

Claude Chèvre is a member of the Executive Board responsible for life and health reinsurance. Mr. Chèvre bears responsibility for life and health reinsurance worldwide in the area of longevity solutions as well as regional responsibility for Africa, Asia, Australia, Latin America, the Middle East and

Western and Southern Europe. Mr. Chèvre has a master's degree in mathematics and extensive international professional experience in the Life&Health sector.

Clemens Jungsthöfel is Chief Financial Officer. His responsibilities include Asset Management, Reinsurance Accounting and Valuation, Group Finance, Investor and Rating Agency Relations. In addition, Mr. Jungsthöfel has extensive international professional experience as an auditor and adviser to insurance undertakings at KPMG. Mr. Jungsthöfel is a qualified insurance practitioner and graduated in economics with majors in tax and auditing. He is a former tax adviser and auditor.

Dr. Klaus Miller is a member of the Executive Board responsible for life and health reinsurance. Dr. Klaus Miller's mandate within the undertaking encompasses life and health reinsurance with regional responsibility for North America, the United Kingdom, Ireland, Northern, Eastern and Central Europe. Dr. Miller has international professional experience in the areas of financial solutions, reinsurance and risk management. Dr. Miller has a master's degree in mathematics and a doctorate in natural sciences.

Sharon Ooi is a member of the Executive Board responsible for property and casualty reinsurance. Ms. Ooi's responsibilities within the undertaking encompass regional responsibility in property and casualty reinsurance for Asia-Pacific markets. Ms. Ooi has long-standing experience in property and casualty reinsurance, especially in the markets of Australia, Asia-Pacific, Southeast Asia, India, South Korea, Hong Kong and Taiwan. Ms. Ooi holds a Bachelor of Science degree in cellular and molecular biology.

Dr. Michael Pickel is a member of the Executive Board responsible for property and casualty reinsurance. His mandate encompasses property and casualty reinsurance, Group Legal, worldwide responsibility for run-off solutions and agricultural business as well as regional responsibility for Germany, Switzerland, Austria and Italy, Latin America, Iberian Peninsula and the Middle East. Holding a doctorate in law, Dr. Pickel has many years of professional experience in treaty reinsurance for European markets abroad and South America. He also serves as Chief Executive Officer of E+S Rückversicherung AG.

Silke Sehm is a member of the Executive Board responsible for property and casualty reinsurance. Ms. Sehm's mandate covers property and casualty reinsurance. Her task area encompasses natural catastrophe business, structured reinsurance and insurance-linked securities worldwide and retrocessions as well as regional responsibilities for Continental Europa and North Africa. Ms. Sehm is an actuary and underwriter with many years of experience in structured reinsurance. Ms. Sehm has a master's degree in mathematics.

Thorsten Steinmann was appointed as a member of the Executive Boards of Hannover Re and E+S Rück on 1 September 2024. As a member of the Executive Board, Thorsten Steinmann's mandate in the reporting period (until 31 December 2024) encompasses regional responsibility for North Africa and Continental Europe. Following a postgraduate degree in business administration, Mr. Steinmann held various positions as an underwriter and senior executive on the underwriting side in Germany and can draw on decades of experience in the primary insurance and reinsurance sector.

Each member of the Supervisory Board must have the knowledge, skills and professional experience (expertise) needed to properly perform their tasks. The required expertise encompasses sound industry knowledge, a basic understanding of the undertaking's international business activity as well as specialist and methodological know-how. It forms the basis for effective supervisory board work. The Supervisory Board draws up written guidelines that serve as the basis for evaluating the professional fitness and reliability of the Supervisory Board members. These guidelines are regularly reviewed and adjusted according to the latest developments in the undertaking. The competence profile of the Supervisory Board is published annually in the form of a skills matrix.

Skills matrix of shareholder representatives [1]

		Haas [2]	Kayser	Dr. Kouba	Leue	Dr. Lipowsky [3]	Dr. Ollmann
Length of service / member since		2002	2024	2024	2018	2018	2019
Personal suitability		☑	☑	☑	☑	☑	☑
Diversity	Gender	male	male	female	male	female	male
	Year of birth	1954	1966	1966	1966	1958	1958
	Nationality	German	German	Czech/Swiss	German	German	German
	Qualification	Degree in business administration (Diplom-Kaufmann)	Auditor, tax consultant	Mathematician/ statistician	Banker, degree in business administration (Diplom-Kaufmann)	Lawyer	Degree in business administration (Diplom-Kaufmann)
Expertise / professional qualification							
Investment management		☑		☑	☑	☑	☑
Insurance technology		☑		☑	☑	☑	☑
Financial accounting / auditing		☑	☑	☑	☑	☑	☑
Internationality		☑	☑	☑	☑	☑	☑
M&A		☑	☑	☑	☑	☑	☑
Risk management		☑	☑	☑	☑	☑	☑
Compliance		☑	☑	☑	☑	☑	☑
Personnel		☑	☑	☑	☑	☑	☑
IT / digitalisation		☑	☑	☑	☑	☑	
ESG / sustainability		☑	☑	☑	☑	☑	
Internal model		☑			☑	☑	☑

[1] Evaluation based on self-assessment. A tick for a subject area in the skills matrix corresponds to a rating of at least B (“sound” or “good” knowledge) on a rating scale from A to E.
[2] Pursuant to Section 100 (5) AktG, possesses expertise in the area of annual auditing (“financial expert”)
[3] Pursuant to Section 100 (5) AktG, possesses expertise in the area of annual auditing (“financial expert”)

In view of his relevant professional qualifications and experience, Mr. Harald Kayser was appointed to the Supervisory Board as an ESG expert.

[GOV-1_23a] Both the Executive Board and Supervisory Board have access to a wide range of internal and external training opportunities. A need for training is ascertained at various points in time, for example in connection with onboarding, the identification of new subject areas or if requested by individual members. The costs of external training are normally paid by the company.

[GOV-1_23b] The ESG governance structure approved by the Executive Board encompasses the "Sustainability Function", the "ESG Management Team" (ESGMT) and a supporting “ESG Expert Network". The ESG governance structure ensures that the Executive Board and Supervisory Board can access qualified employees regarding all matters assessed as material. The matters identified as material in the context of the materiality assessment are presented to the Executive Board and the ESGMT. [GOV-1_22a] Overall responsibility for adequate handling of the impacts of business activity, risks and opportunities rests with the Executive Board, supported by various committees and the ESGMT. The Supervisory Board is entrusted with an advisory and monitoring role and examines the sustainability statement.

[GOV-1_22a, d] The Executive Board systematically identifies and assesses the risks and opportunities for the undertaking associated with social and environmental factors as well as the ecological and social impacts of the business activity. The corporate strategy considers not only long-term economic goals but also ecological and social goals. Similarly, the company’s planning includes corresponding financial and sustainability-related targets.

As the management body, the Executive Board is actively involved in the determination of sustainability goals. It discussed and approved both the Group Strategy 2024–2026 and the Environmental Strategy. The Executive Board receives half-yearly progress updates on the strategy from Group Strategy & Sustainability. Decision papers are also submitted to the Executive Board throughout the year on various sustainability topics which consider impacts, risks and opportunities, among other things (#41 and #43).

[GOV-1_22a, d, 23] The Supervisory Board is tasked with monitoring and considering developments relating to sustainability. The Chief Risk Officer regularly updates the Supervisory Board on the undertaking’s risk situation. The Finance and Audit Committee of the Supervisory Board monitors the accounting process, the effectiveness of the internal control system, the risk management and the internal audit system. It also deals with matters relating to compliance and the information system on behalf of the Supervisory Board. The Finance and Audit Committee oversees the auditing of the annual financial statement and the consolidated financial statement. It is also responsible for monitoring the independence of the auditor and the additional services performed by the auditor. The Supervisory Board also fulfils its monitoring role with respect to the sustainability statement.

[GOV-1_22c] The Executive Board is supported by various committees. They include the Risk Committee, which relieves the Executive Board of the workload associated with risk monitoring. The Risk Committee informs the Executive Board once a quarter about material risks in the context of risk reporting. As part of this reporting, risk assessment is also carried out on the basis of risk indicators. Numerous scenarios are considered in connection with risk management, including extreme loss scenarios. The Executive Board, the Risk Committee and the Non-Life Executive Committee are updated regularly. The Risk Committee reviews the status and the numbers presented quarterly and assigns further tasks to the Risk Management function in the form of actions. In addition, the risk reports are submitted to the Executive Board for approval. This reporting also highlights to the Risk Committee, the Executive Board and the Supervisory Board the undertaking's ESG impact through key indicators, risks and opportunities (e.g. through information on new products). The results of the analyses are also incorporated into the annual ORSA report, which is similarly checked by the Risk Committee, then approved by the Executive Board and brought to the attention of the Supervisory Board. Among other things, the undertaking explores at length here the subject of climate change. In addition, ESG risks and compliance risks, which also involve inter alia legislation and regulations on environmental law and ESG requirements, are reviewed for example within the scope of every New Product Process (NPP). [GOV-1_22b] The Executive Board takes responsibility for managing risks and opportunities stemming from the development of new products to advance sustainability. Since 2021 Hannover Re has had a "Sustainability and Reputation Risk Management Guideline", which applies Group-wide.

[GOV-1_22c i] The interdisciplinary ESGMT updates the Executive Board half-yearly on relevant developments relating to ESG topics. The team also observes the impacts, risks and opportunities relating to ESG topics from an interdisciplinary perspective and advises the Executive Board on any actions that may be needed. The Executive Board keeps the Supervisory Board informed on a regular basis. The Chief Risk Officer (CRO) also reports to the Supervisory Board in the meetings on specific topics in risk management.

All reporting requirements are clearly defined at Hannover Re. The Executive Board reports back to the Supervisory Board on a regular basis. These reports include an assessment of the current risk and opportunity situation as well as an evaluation of the effectiveness of initiated actions. The Supervisory Board reviews these reports to ensure that the management of the undertaking adequately responds to risks and effectively uses opportunities.

[GOV-1_22c ii, iii] A more detailed description of the major elements of the internal control system (ICS) and risk management system (RMS) is provided in the opportunity and risk report. At Hannover Re, the adequacy and effectiveness of the ICS and RMS are reviewed and evaluated primarily through the following actions:

- regular and systematic risk identification, analysis, assessment, steering and monitoring, including risk reporting,
- a permanent improvement cycle of plan-do-check-act in relation to the RMS/ICS, including continuous monitoring and the elimination of vulnerabilities identified in the RMC/ICS,
- regular review of the controls established in processes by the process owners in the context of an annual self-assessment,
- review of the controls in information security processes by the department led by the Chief Information Security Officer,
- evaluation of controls, policies and processes relating to operational risks conducted annually in a self-assessment by expert groups,
- annual assessment of the ICS and the RMS by a committee set up to evaluate the governance system,
- an independent assessment of the adequacy and effectiveness of implemented actions, including compliance-related controls, carried out as part of the continuous conduct of compliance monitoring procedures as well as
- in the context of regular audits conducted by the Internal Audit function in relation to the ICS and RMS.

In connection with the aforementioned extensive actions, the Executive Board did not become aware of any circumstances in the reporting period that overall would argue against the adequacy and effectiveness of the ICS and RMS. Identified vulnerabilities were delegated to the responsible units for processing. Risk reporting provides systematic and timely information about all material risks and their potential impacts. The central system of risk reporting consists primarily of regular risk reports. The regular reporting is supplemented, as needed, by internal immediate reporting on material risks emerging at short notice. The Executive Board thus has a constant overview of of the undertaking's risk profile and can manage it by taking actions. Consistent communication takes place between Risk Management and the Executive Board with regard to the defined, monitored risk categories. The Supervisory Board is informed accordingly about the risk situation on the basis of this data and can review specific risks and actions or require individual analyses.

The ESGMT advises the Executive Board on sustainability matters. In addition to regulatory developments, this also encompasses strategic issues and the coordination of overarching topics. This also includes impacts and opportunities.

[GOV-1_22d] The quarterly risk report provides the Executive Board with an overview and metrics regarding the risk position, which also extend to sustainability topics. Risk Management has defined here key indicators regarding the level of risk within the reputational hazard and metrics for operations with regard to environmental matters, which it reports regularly to the Executive Board. In this way, the Executive Board uses the opportunity - through continuous improvement of the metrics and a good reputation - to tap into new customer groups and at the same time optimise own ecological impacts. Similarly, hazards from environmental risks, such as climate change, are considered as part of the quarterly reporting to the Executive Board. The focus here is on the reinsurance of natural perils, accumulation control and scenario analyses. The opportunities that are to be acted on in connection with protection against natural perils or indeed the development of (re)insurance solutions for renewable energy risks or carbon reduction technologies, for example, form part of the strategy development. Such goals go hand in hand with risk limits, which are documented in the risk report.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [GOV-2]

[GOV-2_26b, c] Every three years the Hannover Re Group revises its strategy to ensure the sustainable success of its business. The strategy for 2024–2026 is entitled "Staying Focused. Thinking Ahead." and encompasses economic and environmental targets. The Executive Board receives half-yearly information from Group Strategy & Sustainability on progress towards achieving the strategy as well as decision papers throughout the year on various sustainability topics. In the year under review, it validated the materiality assessment (see section SBM-3).

The Supervisory Board similarly considers sustainability topics and received training in ESG issues. The Head of Sustainability reported to the Supervisory Board and the Finance and Audit Committee in the reporting year on the outcome of the materiality assessment, the implementation of the CSRD and the goals of the Environmental Strategy. The Chief Risk Officer also reported to the Supervisory Board on risk topics. Through its annual review of the non-financial statement, the Supervisory Board additionally engages with the material impacts, risks and opportunities.

Integration of sustainability-related performance in incentive schemes [GOV-3]

[GOV-3_29a] The remuneration of the Executive Board is geared to publicly communicated financial and non-financial targets as well as the shareholder return, and thereby promotes the sustainable and long-term development of the Group.

The system of remuneration, which is in line with statutory and regulatory requirements as well as the recommendation of the German Corporate Governance Code, establishes the basis for the Supervisory Board's determination of the total remuneration paid to each member of the Executive Board. In addition to the rotating adoption of a resolution by the Annual General Meeting on approval of the remuneration system, the shareholders can also address questions and comments about the remuneration of the members of the Executive Board to the undertaking annually at the Annual General Meeting in connection with the presentation of the remuneration report and take a consultative vote on the remuneration system ("say on pay").

The members of the Executive Board receive a fixed and variable remuneration component as part of their direct remuneration. In order to include an appropriate focus on performance, the target direct remuneration is made up of 40% fixed remuneration and 60% variable remuneration components. The latter are comprised of a short-term and long-term component, and they reflect in particular the degree of target attainment for the respective financial year. [GOV-3_29b] In order to determine an individual premium or deduction of -25% points to +25% points in connection with the variable remuneration, the Supervisory Board defines target criteria and metrics in advance for the coming financial year for each individual member of the Executive Board.

Where sustainability matters are concerned, higher-level targets are defined with respect to social and ecological topics that are in accordance with the Group strategy 2024–2026 and the underlying Environmental Strategy. On the ecological side, every effort is made to refine and execute the Environmental Strategy. For further information on the Environmental Strategy we refer to the chapter E1-4 (Targets related to climate change mitigation and adaptation). [GOV-3_29c, e] On the social side, a target has been defined in relation to the topic of Leadership / Engagement, which is measured by the Engagement Index (annual employee survey).

The defined sustainability-related targets are considered to be guideline values in determining target attainment for the Executive Board; specific quantitative sustainability-related performance criteria are not defined as targets for the remuneration of the Executive Board. The conversion of qualitative assessments regarding fulfilment of sustainability criteria to an overall percentage for attainment of all target criteria takes the form of the Supervisory Board's exercise of due discretion. [GOV-3_29d] On account of the existing remuneration structure, it is not possible to make a mathematically precise determination of the proportion of variable remuneration dependent on sustainability- or climate-related targets or impacts.

[GOV-3_29a-e] The members of the Supervisory Board receive the fixed remuneration defined by the Annual General Meeting in accordance with the Statute, the amount of which varies according to the function performed on the Supervisory Board and the membership of Supervisory Board committees. In view of the oversight role performed by the Supervisory Board, the remuneration of the Supervisory Board is not linked to any target attainment and does not include any variable remuneration components. Further information on the remuneration of the Executive Board and Supervisory Board is provided in the remuneration report; the specific sustainability targets of the members of the Executive Board are included there in the table on individual targets and target attainment of the members of the Executive Board in the subsection Short-Term Incentive (STI).

Statement on due diligence [GOV-4]

[GOV-4_30, 32, AR8-10] In the following table Hannover Re provides an overview of the information contained in its sustainability statement on the procedure for fulfilment of due diligence.

Information on the due diligence procedure

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2: ESRS 2 GOV-3: ESRS 2 SBM-3:
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 ESRS 2 MDR-P Topic-related ESRS
Identifying and assessing adverse impacts	ESRS 2 IRO-1 incl. IRO-1 in topic-related ESRS ESRS 2 SBM-3
Taking actions to address those adverse impacts	ESRS 2 MDR-A Topic-related: Actions and transition plans
Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-M ESRS 2 MDR-T Topic-related ESRS metrics and targets

Risk management and internal controls over sustainability reporting [GOV-5]

[GOV-5_36a, b] All risk-related processes are governed by the risk management process and an internal control system (ICS), which are applicable Group-wide. Risk assessment and prioritisation takes place using our risk management system on a consistent Group-wide basis and is communicated and applied worldwide through the Group Guideline on Risk Management. Qualitative assessment of the risk management systems is conducted, for example, through annual maturity evaluation in workshops.

In preparation for the compilation of the non-financial statement, the reporting process was refined to meet the increased requirements with respect to data quantity, data quality and depth of information. In this connection, the modelling of a process in the internal process management tool in which roles, controls and reviews are to be embedded is under development.

[GOV-5_36c] Any type of reporting is identified as a potential risk inasmuch as individual report contents may not be accurately reported. Within the risk landscape, this risk is allocated to the operational risks as a business process and data quality risk. Sustainability management including sustainability reporting is listed as an explicit element of the internal control system in the corresponding Group-wide guideline and therefore subject to mandatory control.

The most important identified risks in connection with sustainability reporting include incorrect or delayed data deliveries, misinterpretations of metrics or processes as well as incomplete data from the upstream or downstream value chain. Hannover Re addresses the identified potential risk through a number of process-integrated individual control measures. These mitigation strategies encompass, among other things, plausibility checks, the principle of checks made by multiple pairs of eyes and deadline management. The combined non-financial statement is subject to quality controlling by two members of staff in the Group Risk Management division prior to publication.

Hannover Re uses an authoring system that documents workflows to prevent unauthorised inputs. Reports are compiled by qualified employees with assigned roles. All inputs are stored with approvals, enabling controls to be systematically implemented and documented.

Where quantitative information is concerned, Hannover Re is governed by a Group-internal reporting manual of the parent company Talanx. This reporting manual defines requirements for quantitative data, describes every KPI and its collection and ensures that everyone involved proceeds in a consistent manner.

[GOV-5_36d, e, AR_11] The Executive Board and Supervisory Board are informed at least annually of material developments and outcomes in the sustainability reporting.

Strategy and Business Model

Strategy, business and value chain [SBM-1]

[SBM-1_40ai, ii] Hannover Rück SE is a European Company, Societas Europaea (SE), based in Hannover, Germany. With reinsurance revenue of around EUR 26.4 billion, it is one of the largest reinsurers in the world. Established in 1966, the Hannover Re Group today is comprised of numerous subsidiaries, branches and representative offices worldwide and serves major markets in Europe, the Americas, Africa, Asia and the Middle East with its products. Business partners and clients from the primary insurance sector around the world are offered traditional, bespoke and innovative reinsurance solutions through a global network. Property and casualty reinsurance – the protection of assets and claims – and life and health reinsurance – the protection of natural persons – are the primary business activities (NACE Code K65.2.0). Further information on the major markets in which Hannover Re operates can be found in the section of the combined management report entitled **"Results of operations"**.

[SBM-1_40aiii] In addition to its main location in Hannover, Hannover Re is present on all continents and employs altogether more than 4,100 staff. The geographical breakdown of the workforce is provided in the table **"Employees by contract type, broken down by region"**.

Group Strategy 2024–2026 – Staying Focused. Thinking Ahead
[SBM-1_40e, f, g] The strategy cycle at Hannover Re spans three years. The Group strategy 2024–2026 “Staying Focused. Thinking Ahead.” is focused on industry-leading performance in terms of profitability and earnings growth, reliable economic value creation as well as an attractive and increasing ordinary dividend. Hannover Re’s capital strength is another strategic criterion. Along with these financial targets, the ambition set out in the Group strategy also includes strategic targets in relation to employee engagement and environmental stewardship.

The Corporate Level Strategy is concretised and supported by various Business Level Strategies. Of particular relevance to major sustainability matters are the "Environmental Strategy" and the "People & Culture Strategy". These operationalise action fields and measures in relation to the most important sustainability goals and challenges. The Group strategy thus addresses not only the interests of customers and investors, but also those of employees and society and other key Hannover Re stakeholders. From an overarching perspective, the focus of environmental sustainability is on progressive decarbonisation of the reinsurance and investment portfolios as well as on promoting societal resilience in the face of the growing impacts of climate change. The People & Culture Strategy also highlights the importance of employees for Hannover Re's business success and specifically addresses the well-being of employees, a performance-enhancing work environment free of discrimination and increased attractiveness as an employer to secure future talent on the labour market.

Description of the business model and value chain
As a globally operating reinsurer, Hannover Re takes on a key role in ensuring the stability and resilience of the international insurance market. Value is created through the systematic assumption, analysis, assessment, management and diversification of risks in the areas of property & casualty and life & health reinsurance. These activities serve to provide financial protection against risks and create added value for clients, investors and other stakeholders.

[SBM-1_42a] Hannover Re’s major inputs are risk data, capital and the expertise and experience of its employees. Risk data are obtained through cooperation with primary insurers and brokers as well as through internal and external data sources and are subject to continuous analysis in order to ensure precise risk assessment. The capital structure is made up of the technical provisions and liabilities as well as the shareholders’ equity and equity substitutes, together with the contractual service margin (net) and the risk adjustment for non-financial risk. Hannover Re is committed to rigorous risk management processes, investments in digital analysis tools and the ongoing enhancement of its employees’ know-how in order to secure these inputs on a lasting basis.

[SBM-1_42b] Hannover Re’s main outputs are reinsurance protection, financial security and tailored solutions for complex risks. Customers benefit from improved risk-carrying capacity, stable premium structures and a reliable partner that remains financially capable of acting even in extreme situations such as natural disasters or pandemics. Investors receive a sustained return commensurate with the risks, supported by a diversified business model and a sold investment policy. Society benefits from the promotion of insurance solutions that ensure social and economic stability in various regions of the world.

[SBM-1_42c] The downstream value chain encompasses actors and processes that prepare the reinsurance process. These include, in particular, capital providers that make available financial resources for business activity and risk coverage, brokers and intermediaries that arrange reinsurance solutions between primary insurers and Hannover Re, as well as service providers and suppliers of operating resources. In addition, reinsurance partners, so-called retrocessionaires, play a decisive role by assuming parts of the risks and thereby contributing to diversification of the portfolio. The downstream value chain encompasses the settlement of claims, servicing customers, investing activities and providing information for investors and other stakeholders. These include, in particular, primary insurers that make use of the reinsurance cover and pass on the benefits to end customers as well as investors and analysts who are regularly informed about the company's performance. Hannover Re is active worldwide in various market segments and continuously adjusts its business model to the dynamic requirements of the global risk landscape.

Interests and views of stakeholders [SBM-2]

[SBM-2_45ai, b] Understanding and considering the interests and views of key stakeholders forms the basis for Hannover Re's sustainable business success. Hannover Re's most important stakeholders include its customers and brokers, investors, current and future employees, regulators and financial supervisory authorities as well as civil society. A continuous dialogue is held with these stakeholders on a wide range of levels and an ongoing basis.

[SBM-2_45aiii, b] What matters here are not only institutionalised dialogue formats, but also the various forms of contact with stakeholders in everyday operations – e.g. in direct discussions with clients. In the highly professional B2B world of a reinsurer, individual needs are regularly explored and form part of the strategy and product development process. Employees are similarly able to raise issues with the company at any time through various channels (such as annual employee surveys) and are directly involved in business decisions through employee representative bodies. Another relevant dialogue channel is through membership of industry associations and participation in initiatives in which a range of stakeholders regularly come together, e.g. lawmakers, NGOs and various market players. As a capital market-oriented undertaking, investor concerns are also a pivotal success factor. To this end, Hannover Re regularly engages directly with investors on matters including sustainability and ESG and participates in a number of established ESG ratings that cater to the capital market's information requirements. Furthermore, various internal and external stakeholders are actively surveyed about their views on key concerns and focus topics for Hannover Re as part of the regularly conducted materiality assessment (see also chapter IRO-1).

[SBM-2_45bav, ci] The Group strategy for 2024–2026, which was revised in the reporting period, considers these views and specifically picks up on major expectations in the Corporate Level Strategy and further resulting Business Level Strategies, which provide additional granularity for individual functional and business areas. Thus, for example, major expectations of current and future employees constitute central action fields of the People & Culture Strategy, while societal and legislative expectations around progressive decarbonisation are factored into the Environmental Strategy. [SBM-2_45ciii] Given that the Group strategy 2024–2026 confirms the core elements of the business model, the relationship to stakeholders is not expected to change significantly as a consequence of the new Group strategy.

[SBM-2_45cii] The corporate strategy is developed continuously in light of strategic analysis, making allowance for the views of key stakeholders. Valuable insights into expectations that are obtained through various structured dialogue formats are incorporated into the definition of strategic targets and the elaboration of strategic concentrations. This ensures that proposed strategic actions are harmonised with long-term corporate objectives and stakeholder interests. [SBM-2_45d] The Executive Board and Supervisory Board, as central control bodies, are closely involved in the strategy development process. The Executive Board also validates the results of the materiality assessment. The Supervisory Board and the Finance and Audit Committee are informed of the findings.

Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]

[SBM-3_48a] In conformity with CSRD requirements, another materiality assessment was conducted in the year under review (for further information the reader is referred to the chapter **"Disclosures regarding the process for materiality assessment"**). [ESRS-2_AR17] In this context, the Hannover Re Group identified impacts as well as potential risks and opportunities in connection with climate change, its own workforce and the conduct of business. The IROs (Impacts, Risks, Opportunities) identified in connection with climate change are concentrated primarily on global core business in the downstream value chain, while IROs connected with its own workforce and business conduct in own operations have a global concentration. Generally speaking, the findings confirm the materiality assessment of prior years. [SBM-1_48g] No major changes were identified in relation to previous reporting periods.

[SBM-3_48b] Hannover Re has recognised its impacts, risks and opportunities in connection with sustainability matters for many years and pursues longer-term policies and actions as part of its strategic orientation to reduce negative impacts, reinforce positive impacts, minimise risks and systematically leverage business opportunities. This also includes regular voluntary and statutory reporting to satisfy the information needs of a wide range of stakeholders. In connection with climate change, for example, mention should be made of various policies that actively reduce the exposure to business partners and investments related to fossil fuels and thereby directly influence our business model. Protecting against customers' physical climate risks also forms part of a reinsurer's business model, which is why such risks are deliberately taken on but closely controlled and managed (see also "Current and expected financial effects"). Impacts, risks and opportunities connected with the company's own workforce or business conduct are not associated with the business model because every company seeks to attract the best possible talent and people to be successful. This is supported by a positive, non-discriminatory and legally compliant work environment and a favourable external perception, justifying the strategic actions taken by Hannover Re as described in chapters "Own workforce" and "Business conduct".

Impacts

[SBM-3_48ci-iv] Hannover Re's material impacts in connection with climate change are associated with the business model and, on the one hand, positively affect people and society inasmuch as resilience to catastrophic events is increased through reinsurance protection, or sustainable business models and the energy transition are promoted through targeted investments or reinsurance protection. On the other hand, financial services such as reinsurance protection or investments encourage negative effects on climate change because many different economic activities are connected with greenhouse gas emissions. The impacts are therefore more indirect in nature and occur in the downstream value chain. [ESRS-2_AR17] The impacts are not time-limited overall and can occur at any time and anywhere Hannover Re operates. Positive impacts on the company's own workforce (e.g. through a modern and performance-enhancing work environment) affect people directly and are supported by strategic actions, but are not specific to the business model. [ESRS-2_AR17] Negative impacts are potential in nature and occur if actions do not prove successful or if Hannover Re is unable to create a positive work environment for all employees.

Current and expected financial effects

[SBM-3_48e, f] In the context of the materiality assessment, risks and opportunities were identified that could have short-, medium- and long-term implications for the company's financial position, performance or future business prospects. In connection with climate change, these are in particular short-, medium- and long-term physical as well as long-term transition climate risks for reinsurance activities or investments. The identified risks of anti-competitive behaviour, incidents of corruption, breaches of data privacy or cyber attacks (these involve identified undertaking-specific risks) similarly entail the risk of diminished demand and lost customers due to reputational damage. This can result in lost revenue in the short term and a weakened market position over the long term. In relation to its own workforce, the competition for talent has potential financial implications for the Hannover Re Group over the long term. Increased personnel expenditures, recruitment costs and retention costs can prove a drag on profitability over the longer term if Hannover Re is unable to be seen as an attractive employer. For this reason, Hannover Re regularly evaluates its strategic human resources activities in order to maintain long-term resilience in the face of these risks and preserve business opportunities (see also chapter S1). It is currently impossible to put a more precise number on the financial impacts because they are dependent on a range of unforeseeable factors that are difficult to quantify.

[SBM-3_48d] Although these risks are potentially material, they caused no material financial impacts on the undertaking's assets, financial position and net income in the reporting period. The loss expenditure due to events influenced by climate change was within the anticipated budget in the reporting period. As already described, the business model of a reinsurer is explicitly geared to taking on and protecting against short-term risks connected with losses from climate-related natural disasters. If these risks are not adequately managed, the risk exists in principle that they can impact the assets and net income in the coming reporting period. Details of the extensive risk management processes put in place in this regard can be found both in the chapter **"ESRS E1 – Climate change"** and in the **"Opportunity and risk report"**. Among other things, they include information on long-term scenario analyses in order to make allowance in risk management for expected medium- and long-term developments due to climate changes. The Hannover Re Group continuously tracks the development of these risks and opportunities and has established internal processes to evaluate and manage their potential impacts. Actions were taken inter alia with respect to pricing for climate-influenced natural disasters such as floods and heavy rainfall.

Resilience of the strategy and business model
[SBM-3_48f] As a global reinsurer, the consequences of climate change are a particularly relevant topic for the future resilience of the business model because they influence business activities in all areas; in property and casualty as well as life and health reinsurance and on the investing side. At the same time, the impacts of climate change constitute the most significant sustainability risk for Hannover Re and are therefore closely analysed, monitored and managed.

[ESRS-2_AR7] Hannover Re draws up detailed business planning for each subsequent year and an aggregated business outlook for the following four years. The business planning and outlook include assumptions regarding the run-off of existing business and assumptions regarding future new business and new investments. The planning horizons are guided by, among other things, the length of customary market cycles and market changes following large natural catastrophes. The period covered by the business planning is thus consistent with the short-term time horizon for identification of climate risks and the medium-term business outlook is consistent with the corresponding medium-term time horizon for identification of climate risks. Due to the dynamic pace of market changes, there is no outlook for business figures beyond a 5-year timeframe. The capital allocation is determined in each case for the coming year based on market cycles and business dynamics.

Strategic risks exist in the event that the insurability of risks is influenced over the long term by climate change, for example if (re)insurance protection can no longer be provided for buildings in certain parts of the world due to increased natural catastrophe risks. Hannover Re is therefore also committed to the expansion of risk-mitigating actions, e.g. in the form of water and fire protection management.

[SBM-3_48h, 49] The material impacts, risks and opportunities and their interaction with strategy and business model are specifically addressed in the corresponding material topic-related ESRS on E1, S1 and G1. A complete list of the identified matters is also provided in the table **"Identified material impacts, risks and opportunities"**.

Disclosures regarding the process for materiality assessment

Description of the process to identify and assess material impacts, risks and opportunities [IRO-1]

[IRO-1_53a] In the context of Hannover Re's materiality assessment, various methods and assumptions are used to identify and evaluate the material impacts, risks and opportunities. This assessment follows the principle of "double materiality" that considers both the impacts of the undertaking on the environment and society and the financial impacts on the undertaking.

Hannover Re relies here on a combination of qualitative and quantitative methods. One of the main elements of the methodology is the involvement of internal and external stakeholders to ensure that the assessment of material topics is based on a comprehensive understanding of different perspectives. Internal stakeholders are included in the process through workshops and structured surveys, while external stakeholders contribute their views on material sustainability topics through standardised surveys.

The assessment is based on predefined criteria. Qualitative assessments make particular reference to the severity, scale and irremediability of potential negative impacts. In the case of potential positive impacts, consideration is given to their likelihood of occurrence. The combination of occurrence probability and potential financial impacts is considered for financial materiality. A particular focus is on examining the extent to which sustainability topics constitute material risks or opportunities that can impact the undertaking's financial position, performance or cash flow.

In addition, Hannover Re draws on external data sources such as the UNEP-FI impact mappings to assess the impacts of its investments in the context of sustainability. These quantitative analyses supplement the qualitative assessments and ensure a comprehensive and transparent materiality assessment.

[IRO-1_53b] Hannover Re's procedure for determining, assessing, prioritising and monitoring the potential and actual impacts on people and the environment is based on a comprehensive process that reflects the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

1. Determination of impacts
The procedure begins with the systematic recording of potential and actual impacts on people and the environment along the undertaking's entire value chain. The company's own business activities as well as those of suppliers, customers and other business relationships are included in the analysis. The impacts are determined through a combination of internal and external data sources, such as stakeholder surveys, data from risk management and external data sources such as the UNEP-FI impact mappings.

2. Assessment of impacts
The assessed impacts are analysed qualitatively and quantitatively. The assessment is geared in particular to the factors degree of severity, scale and irremediability of the negative impacts. The scale and likelihood are assessed for positive impacts. Qualitative assessment is based on internal workshops and consultations with stakeholders, while quantitative assessment methods are used to determine financial impacts and scope.

Where negative impacts are concerned, especially on human rights, the degree of severity of the impacts is prioritised, even if the probability of occurrence is low.

3. Prioritisation of impacts
The identified impacts are prioritised according to their materiality. A standardised scoring model is used that allows for the degree of severity and the probability of occurrence of potential impacts. Prioritisation takes place both on the level of environmental and social impacts. Topics that reach a higher materiality score are identified as priorities for risk management and reporting.

4. Monitoring of impacts
Monitoring takes the form of continuous data surveys and regular assessments. Hannover Re has implemented specific processes to ensure that the identified impacts are permanently monitored and potential changes in the assessments promptly recognised. Hannover Re's risk management is closely integrated into this process and ensures regular updating of the assessments as part of the annual materiality process. In addition, monitoring is supported by the recording of so-called "trigger events" where a change in framework conditions or new risks are identified.

[IRO-1_53b] A special focus of the materiality assessment is on Hannover Re's primary value creation activities, namely underwriting and investing. These activities have different risk potentials:

- Underwriting: The risks connected with insurance products and services are particularly subject to analysis in areas such as the coverage of industries with a high environmental burden (especially in connection with fossil fuels). Given the increased risk here of negative environmental impacts, corresponding underwriting decisions in the Facultative Division are examined particularly closely.
- Investing: Investments in certain sectors or regions, such as in polluting industries or in countries with weak environmental and human rights laws, are monitored particularly closely. The focus here is on avoiding negative social or environmental impacts through the investments made by Hannover Re.

[IRO-1_53bii] In its determination and assessment of impacts, Hannover Re considers both the direct effects of its own business activities and the indirect consequences arising through business relationships along the value chain. Attention is paid here to the environmental and social impacts. A special focus is on activities that involve risks in relation to the environment and human rights, such as the insurance of undertakings in polluting industries.

[IRO-1_53biii] Affected stakeholders are systematically consulted as part of Hannover Re's materiality assessment to ensure that their perspectives are incorporated into the assessment process. These consultations form a central part of the assessment and help to precisely identify the material impacts, risks and opportunities.

The stakeholders consulted include both internal actors, such as employees, and external stakeholders such as business partners and representatives of civil society. Involvement takes the form of structured surveys, stakeholder workshops and targeted dialogues in which the relevant topics are addressed along the entire value chain. The insights gained from these consultations are incorporated directly into the prioritisation of sustainability topics.

Assessment of impacts
[IRO-1_53biv] Negative and positive impacts are systematically evaluated and prioritised as part of Hannover Re’s materiality assessment.

Negative impacts are prioritised according to their degree of severity and probabilities of occurrence. The degree of severity is derived from three factors: scale, scope and irremediability of the impacts.

- Scale: This describes the intensity of negative impacts on people and the environment.
- Scope: The scope refers to the reach of negative impacts.
- Irremediability: This factor assesses the extent to which negative impacts can be reversed or alleviated.

Each of these categories is scored on a scale of 1 (low) to 5 (high). The sum of these scores produces the degree of severity of the impact, which can be between 3 (minimal) and 15 (critical). The probability of occurrence is also scored and ranges from 0.65 (very low) to 1 (highly likely). The product of the degree of severity and probability produces the total score for the negative impact. Negative impacts are categorised as material if the total score reaches 8 or more.

[IRO-1_53ci] The interrelationships between the undertaking's impacts and its dependencies on people and the environment as well as the associated risks and opportunities are extensively considered. Double materiality is applied, addressing both the impacts of the undertaking on external actors (people and the environment) and the impacts of external factors on the undertaking itself (opportunities and risks).

The assessment concentrates on how certain impacts – such as environmental or social factors – can present a risk or opportunity for the undertaking in multiple ways. For example, pollution caused by business activities may not only have negative consequences for the environment but can also entail financial risks for the undertaking, e.g. through regulatory penalties or loss of reputation. Conversely, positive environmental actions such as investments in sustainable projects may not only protect the environment but can also open up new business opportunities and strengthen the undertaking's image.

Assessment of risks and opportunities
[IRO-1_53cii] Hannover Re uses qualitative and quantitative methods according to ESRS 1 section 3.3 to assess the financial materiality of risks and opportunities. This assessment encompasses the analysis of the likelihood, magnitude and nature of the potential financial impacts.

- Likelihood: The probability of occurrence of a risk or opportunity is assessed on a scale of 0.65 (very low) to 1 (highly likely).
- Magnitude: The magnitude of the financial impacts is assessed on a scale of 1 (low) to 5 (high).
- Nature of impact: The nature of the financial impacts is considered on a differentiated basis according, for example, to whether they are short-term or long-term, direct or indirect.

A risk or opportunity is categorised as financially material if the total score exceeds a threshold of 3. This ensures that all relevant financial risks and opportunities are assessed systematically and transparently.

[IRO-1_53ciii] Sustainability risks such as environmental or social risks are analysed in the materiality assessment both with respect to their impacts on people and the environment and in regard to their financial impacts on the undertaking. The assessment criteria used are the same as those for traditional risks. This encompasses, in particular, the assessment of the likelihood of occurrence and the possible scale of loss.

[IRO-1_53d] The decision-making process as part of Hannover Re's materiality assessment is systematically structured and supported by established internal control procedures to ensure the sound and transparent assessment of material impacts, risks and opportunities.

Decisions are reached in multiple phases. First, all relevant data and information are gathered regarding potential and actual impacts on people and the environment as well as the associated risks and opportunities. This step includes the involvement of internal and external stakeholders to obtain the most complete possible picture of the situation. Based on this information, initial assessments are made in workshops and working groups. The results of these analyses are then integrated into the materiality assessment. In this context, topics are prioritised according to clearly defined criteria such as degree of severity, likelihood of occurrence and financial significance.

The internal control procedures are used for quality assurance and risk mitigation in the decision process. A central element is regular review of the obtained results by various levels of the undertaking, including risk management, the sustainability department and senior management. These controls ensure that all relevant information is fully considered and the assessments are consistent and objective. In addition, mechanisms are in place to validate the results, including top-down validation by the Executive Board.

[IRO-1_53e] Hannover Re has implemented a comprehensive procedure for the identification, assessment and management of sustainability risks and opportunities to ensure that ESG factors are also integrated into the risk management system. Furthermore, risk management is involved in the risk assessment process in a variety of ways. For further information on risk management, we refer to GOV-5 as well as the **"Opportunity and risk report"**. The handling of impacts, risks and opportunities is described in IRO-2 subsection 59.

[IRO-1_53g] The qualitative input parameters include internal and external stakeholder opinions collected through structured surveys and workshops. These include assessments of social, environmental and governance aspects that are relevant both from the perspective of the affected stakeholders and from the undertaking's perspective. Furthermore, qualitative insights from the internal risk management processes as well as sector-specific market analyses are incorporated into the assessment.

Quantitative input parameters include, among other things, data on the environmental and social impacts of the undertaking and its locations, such as CO_2 emissions, water consumption and waste volumes. In addition, financial metrics, such as the potential costs and returns of risks and opportunities, as well as data from the investing side are used. External data sources, such as the UNEP-FI impact mappings, are used to quantify the impacts of investments on the environment and society.

Regulatory requirements and sector-specific standards, such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), are another important input parameter. They ensure that the analysis is in conformity with legal requirements.

Disclosures in connection with IRO-1 "Climate change"
Various material impacts and risks in connection with climate change were determined for the Hannover Re Group as part of the materiality assessment. These are grouped together in the table **"Identified material impacts, risks and opportunities"**. Disclosures required under IRO-1 in connection with climate change and corresponding scenario analyses are provided in the section of the chapter on climate change entitled **"Management of impacts, risks and opportunities"**.

Disclosures in connection with IRO-1 “Pollution (E2”)
As a reinsurance undertaking, the Hannover Re Group does not have any production of its own that impacts the environment. Consequently, the undertaking did not conduct any consultations with communities affected by pollution.

In the context of the materiality assessment, no material impacts, risks or opportunities were identified for the Hannover Re Group in connection with pollution or the dependency on ecosystem services.

Disclosures in connection with IRO-1 “Water and marine resources (E3)”
In the context of the materiality assessment, the Hannover Re Group did not identify any material business activities in respect of which impacts, risks or opportunities in connection with water and marine resources could arise in own operations, investing or insurance business. Consultations, especially with affected communities, were not conducted as part of the materiality assessment.

Disclosures in connection with IRO-1 “Biodiversity and ecosystems (E4)”
As a result of the materiality assessment, no material impacts in relation to own operations and business activities in investing and insurance could be identified for the topic of biodiversity and ecosystems. Consideration was also given to the perspective on the material physical locations of the Hannover Re Group by surveying environmental and sustainability managers as part of the analysis. No material sources for any impacting of biodiversity by the physical locations could be determined.

Nor were any material dependencies on biological diversity or on ecosystems and their services established at the undertaking’s own locations or in the upstream and downstream value chain. No assessment of ecosystem services was carried out in this respect. The materiality assessment also did not establish any material transition or physical risks or opportunities in connection with biodiversity and ecosystems that could have material financial impacts. Hannover Re therefore did not conduct any consultations with affected communities on sustainability assessments of jointly used biological resources and ecosystems.

Disclosures in connection with IRO-1 “Resource use and circular economy (E5)”
In the context of the materiality analysis, no material impacts in relation to own operations, investing activities, insurance business or other business areas were identified for the topic of resource use and circular economy. Aspects such as material consumption and waste management were examined particularly closely, without any indications of significant negative or positive impacts on people or the environment. Based on the risk inventory conducted and the materiality assessment according to the described methodology, it was also not possible to establish any material risks or opportunities in connection with resource use and circular economy. Consequently, no consultations were conducted with affected communities in connection with the topic of resource use and circular economy.

Disclosures in connection with IRO-1 “Business conduct (G1)”

Various criteria were considered in the determination of material impacts, risks and opportunities in connection with business conduct. These include, in particular, the specific features of the business model as a global reinsurer and the associated activities, customer relationships and international transactions. In the context of the materiality assessment, various material impacts, risks and opportunities were identified in this connection. These are listed in the table **"Identified material impacts, risks and opportunities”**.

Disclosure requirements in ESRS covered by the undertaking's sustainability statement [IRO-2]

[IRO-2_56]

Topical ESRS	Sustainability matters covered in topical ESRS			Disclosures in the sustainability statement
	Topic	Sub-topics	Sub-sub-topics	Pages
ESRS E1	Climate change	Climate change adaptation		50–70
		Climate change mitigation		50–70
		Energy		50–70
ESRS E2	Pollution	Pollution of air		—
		Pollution of water		—
		Pollution of soil		—
		Pollution of living organisms and food resources		—
		Substances of concern		—
		Substances of very high concern		—
		Microplastics		—
ESRS E3	Water and marine resources	Water	Water consumption	—
			Water withdrawals	—
			Water discharges	—
		Marine resources	Water discharges in the oceans	—
			Extraction and use of marine resources	—
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	—
			Land-use change, fresh water-use change and sea water-use change	—
			Direct exploitation	—
			Invasive alien species	—
			Pollution	—
			Others	—
		Impacts on the state of species	Example: Species population size	—
		Impacts on the extent and condition of ecosystems	Example:Soil degradation	—
		Impacts and dependencies on ecosystem services		—
ESRS E5	Resource use and circular economy	Resources inflows, including resource use		—
		Resource outflows related to products and services		—
		Waste		—

Topical ESRS	Sustainability matters covered in topical ESRS			Disclosures in the sustainability statement
	Topic	Sub-topics	Sub-sub-topics	Pages
ESRS S1	Own workforce	Working conditions	Secure employment	71–79
			Working time	71–79
			Adequate wages	71–79
			Social dialogue	71–79
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	71–79
			Collective bargaining, including rate of workers covered by collective agreements	71–79
			Work-life balance	71–79
			Health and safety	71–79
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	71–79
			Training and skills development	71–79
			Employment and inclusion of persons with disabilities	71–79
			Measures against violence and harassment in the workplace	71–79
			Diversity	71–79
		Other work-related rights	Child labour	—
			Forced labour	—
			Adequate housing	—
			Privacy	—
ESRS S2	Workers in the value chain	Working conditions	Secure employment	—
			Working time	—
			Adequate wages	—
			Social dialogue	—
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	—
			Collective bargaining, including rate of workers covered by collective agreements	—
			Work-life balance	—
			Health and safety	—
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	—
			Training and skills development	—
			Employment and inclusion of persons with disabilities	—
			Measures against violence and harassment in the workplace	—
			Diversity	—
		Other work-related rights	Child labour	—
			Forced labour	—
			Adequate housing	—
			Privacy	—

Topical ESRS	Sustainability matters covered in topical ESRS			Disclosures in the sustainability statement
	Topic	Sub-topics	Sub-sub-topics	Pages
ESRS S3	Affected communities	Communities' economic, social and cultural rights	Adequate housing	—
			Adequate food	—
			Water and sanitation	—
			Land-related impacts	—
			Security-related impacts	—
		Communities' civil and political rights	Freedom of expression	—
			Freedom of association	—
			Impacts on human rights defenders	—
		Rights of indigenous peoples	Free, prior and informed consent	—
			Self-determination	—
			Cultural rights	—
ESRS S4	Consumers and endusers	Information-related impacts for consumers and/or end-users	Privacy	—
			Freedom of expression	—
			Access to (quality) information	—
		Personal safety of consumers and/or end-users	Health and safety	—
			Security of a person	—
			Protection of children	—
		Social inclusion of consumers and/or end-users	Non-discrimination	—
			Access to products and services	—
			Responsible marketing practices	—
ESRS G1	Business conduct	Corporate culture		79–82
		Protection of whistleblowers		79–82
		Animal welfare		—
		Political engagement and lobbying activities		—
		Management of relationships with suppliers including payment practices		—
		Corruption and bribery	Prevention and detection including training	79–82
			Incidents	79–82

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		Material
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6), Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (7), Article 12 (1) Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12 (1) Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2 (1)	Material
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12 (1) (d) to (g) and Article 12 (2)		Not material
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material
ESRS E1-5 Energy consumption from fossil fuels disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex 1				Material
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5 (1), 6 and 8 (1)		Material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8 (1)		Material
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2 (1)	Material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk			Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex 1				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable oceans/ seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex 1				Material
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex 1				Material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1-8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex 1				Not material
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex 1				Not material
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex 1				Material
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex 1				Not material
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex 1				Material
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex 1				Material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and number 13 Table #3 of Annex 1				Not material
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and number 4 Table #3 of Annex 1				Not material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 in Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
SRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material

Identified material impacts, risks and opportunities

Number	Category	IRO	Dimension	Description	Time horizon	Chapter
1	Impact (positive)	General insurability of climate risks through stable product and tariff design	Reinsurance	Consideration of qualitative and quantitative scenario analyses in product design helps to maintain the insurability of climate risks, ensure the financial protection of society and support resilience to natural disasters.	medium-term	ESRS E1 – Climate change
2	Impact (negative)	Protection gap through non-insurance of climate risks	Reinsurance	Certain climate risks, such as natural catastrophes (NatCat), can become uninsurable, leading to considerable financial risks for society and damaging economic stability. Insurers must find ways to effectively cover these risks.	short-, medium-, long-term	ESRS E1 – Climate change
3	Risk	Loss of profitability	Reinsurance	Decrease in the profitability of products due to rising claim payments (caused by increasing climate risk events such as extreme weather and associated accumulation losses).	medium- and long-term	ESRS E1 – Climate change
4	Risk	Declining investment values due to physical and transition risks	Investments	Declining investment values and financial market losses due to the materialisation of increasing physical and transition risks.	long-term	ESRS E1 – Climate change
5	Impact (positive)	Channelling capital flows into sustainable investments	Investments	By partially excluding investments in climate-damaging or CO_2-intensive sectors, insurers can channel capital flows into sustainable investments and thereby support the transition to a low-carbon economy.	medium- and long-term	ESRS E1 – Climate change
6	Impact (positive)	Support for achieving the Paris climate targets through investments	Investments	The commitment to the Paris climate agreement includes the definition of targets for net zero emissions in capital investments by 2050, with measures such as investments in sustainable infrastructure projects like wind and solar farms, thereby supporting global efforts to cut emissions.	long-term	ESRS E1 – Climate change
7	Impact (positive)	Encouraging low-emission mobility	Investments	Encouraging low-emission mobility through investments can indirectly reduce CO_2 emissions and help to mitigate climate change by supporting the adoption of sustainable transportation.	short- and medium-term	ESRS E1 – Climate change
8	Impact (positive)	Enabling the transition for energy-intensive investments	Investments	Influencing energy-intensive investments to enable a transition to more sustainable practices can lead to substantial emission reductions and be consistent with global climate targets.	short- and medium-term	ESRS E1 – Climate change
9	Impact (negative)	Investments in CO_2-intensive sectors	Investments	Investments in CO_2-intensive sectors can contribute to global warming, which clearly shows that insurers must rethink their investment strategies in order not to further exacerbate climate change.	medium- and long-term	ESRS E1 – Climate change
10	Impact (negative)	Failures in the reduction of CO_2 emissions through climate-unfriendly transportation	Own operations	The use of climate-damaging modes of transportation such as air travel and motor vehicles with internal combustion engines by employees can undermine efforts to reduce carbon emissions, highlighting the need for a more sustainable travel policy.	short-term	ESRS E1 – Climate change
11	Impact (negative)	Insuring climate-damaging industries	Reinsurance	Insuring industries involved in the extraction, storage, transportation or production of fossil fuels can be damaging to the climate, underscoring the need for a strategic shift towards more sustainable underwriting practices.	short-, medium-, long-term	ESRS E1 – Climate change
12	Risk	Litigation risks connected with non-sustainable business practices	Reinsurance	Insurers may be exposed to a litigation risk if they insure companies that do not use sustainable practices, which underscores the importance of insurance policies that encourage environmental responsibility.	medium-term	ESRS E1 – Climate change
13	Impact (positive)	Supporting the energy transition by buying electricity from renewable sources	Own operations	By buying electricity from renewable sources, undertakings can significantly reduce their carbon footprint and support the worldwide shift to sustainable energy.	short-term	ESRS E1 – Climate change
14	Impact (positive)	Cutting energy consumption for providing heat and electricity to company premises [1]	Own operations	Implementing energy efficiency measures in buildings reduces total energy consumption and thereby supports climate targets.	short-term	ESRS E1 – Climate change
15	Impact (positive)	Converting the company car fleet to e-mobility [1]	Own operations	Changing company car fleets over to electric vehicles reduces greenhouse gas emissions and promotes the use of clean energy.	short-term	ESRS E1 – Climate change
16	Impact (positive)	Financing projects for the generation of renewable energy	Investments	Investments in projects for renewable energy and energy-saving residential and commercial real estate support the transition to a sustainable energy system.	medium-term	ESRS E1 – Climate change
17	Impact (positive)	Providing underwriting know-how and innovative insurance solutions	Reinsurance	Supporting the energy transition by providing insurance coverages for geothermal energy, e-mobility and other innovative energy solutions promotes the adoption of sustainable technologies.	long-term	ESRS E1 – Climate change
18	Impact (negative)	Financing energy-intensive sectors and non-renewable projects	Investments	Investments in energy-rich and non-renewable power generation projects can hinder the transition to a sustainable energy system and contribute to climate change.	long-term	ESRS E1 – Climate change
19	Impact (negative)	Lack of transparency for investors around investments in non-renewable energy	Investments	Non-transparent investment practices around investments in fossil and non-renewable fuels can mislead investors and undermine sustainable investment targets.	long-term	ESRS E1 – Climate change
20	Impact (negative)	Insuring projects and industries for the generation of fossil energy	Reinsurance	Providing insurance coverages for fossil energy projects and industries supports activities that contribute to climate change, which underscores the need for more sustainable underwriting practices.	medium-term	ESRS E1 – Climate change
21	Impact (positive)	Improved working conditions	Own operations	The improvement of working conditions, including regulated working hours, a good work-life balance and a range of working time models, relieves the load on employees and positively affects their (mental) health.	short-, medium- and long-term	ESRS S1 – Own workforce
22	Impact (positive)	Enabling co-determination in the workplace	Own operations	Promoting fairness between employer and employee through co-determination in the workplace can improve collaboration and job satisfaction.	short-, medium- and long-term	ESRS S1 – Own workforce
23	Impact (positive)	Paying adequate wages	Own operations	Paying wages in line with collective agreements enables employees and their families to enjoy a good livelihood and thus contributes to general prosperity and economic stability.	short-, medium- and long-term	ESRS S1 – Own workforce

Number	Category	IRO	Dimension	Description	Time horizon	Chapter
24	Impact (negative)	Poor working conditions	Own operations	Poor working conditions can result in dissatisfaction and lower motivation among employees, and adversely affect performance, the working atmosphere and health (stress, burnout).	medium- and long-term	ESRS S1 – Own workforce
25	Risk	Higher wages and social benefits	Own operations	The competition for talent can drive up the cost of recruiting and retaining specialists and therefore presents a major challenge.	short-, medium- and long-term	ESRS S1 – Own workforce
26	Opportunity	Direct impacts on employee satisfaction and performance	Own operations	Good working conditions have direct effects on employee satisfaction and performance and enhance the undertaking's reputation and financial success.	short-term	ESRS S1 – Own workforce
27	Opportunity	Important for employer attractiveness	Own operations	Attractive working conditions are crucial to recruiting qualified employees, who are the keys to the company's success.	medium- and long-term	ESRS S1 – Own workforce
28	Impact (positive)	Supporting equal treatment positively affects employee morale and contributes to a fair and just society.	Own operations	Supporting equal treatment positively impacts employee morale and contributes to a fair and just society.	short-term	ESRS S1 – Own workforce
29	Impact (positive)	Preventing discrimination	Own operations	Clear consequences for discrimination and improvements in equal treatment relieve the strain on employees and promote harmony in the workplace.	short-, medium- and long-term	ESRS S1 – Own workforce
30	Impact (positive)	Training and developing employees	Own operations	Investments in (further and advanced) training for employees benefit both the company and the workforce and lead to higher productivity and satisfaction.	short-, medium- and long-term	ESRS S1 – Own workforce
31	Impact (positive)	Employing people with disabilities	Own operations	Raising awareness of and employing people with disabilities promotes social integration and participation, which benefits the community and corporate diversity.	medium- and long-term	ESRS S1 – Own workforce
32	Impact (negative)	Discrimination and inequality	Own operations	Discrimination and unequal treatment can be harmful to health and career opportunities, which significantly impacts the affected employees and company morale.	short- and medium-term	ESRS S1 – Own workforce
33	Impact (negative)	Lack of training and development	Own operations	If (further and advanced) training activities are not implemented, this can adversely impact employee satisfaction and productivity.	medium- and long-term	ESRS S1 – Own workforce
34	Opportunity	Good training and development programmes	Own operations	Effective training and development programmes increase the attractiveness of employers and help to recruit talent, thereby promoting economic development.	short- and medium-term	ESRS S1 – Own workforce
35	Impact (positive)	Compliance management and training activities to fight corruption	Own operations	The establishment of a compliance management system, compliance policies, employee training activities, annual risk analyses and observance of compliance requirements prevent corruption and foster ethical conduct.	short- and medium-term	ESRS G1 – Business conduct
36	Impact (positive)	Transparency and integrity through disclosure	Own operations	Strengthening trust and integrity through transparent handling of incidents of corruption and fraud, avoidance of conflicts of interest and approval of donations by the Executive Board.	short- and medium-term	ESRS G1 – Business conduct
37	Impact (positive)	Avoiding corruption through responsible investing	Investments	Investing in undertakings with good corporate governance (UNGC) and excluding investments in countries/undertakings that score poorly in anti-corruption indices help to avoid corruption and bribery.	long-term	ESRS G1 – Business conduct
38	Impact (positive)	Group-wide Code of Conduct	Own operations	Preventing corruption across the boundaries of the corporate group through the use of a Group-wide Code of Conduct.	short- and medium-term	ESRS G1 – Business conduct
39	Impact (positive)	Detection of corruption through the whistleblower system	Own operations	Encouraging the detection of corruption and fraud through an anonymous whistleblower system and employee training measures.	short- and medium-term	ESRS G1 – Business conduct
40	Risk	Reduced demand and reputational damage in case of non-compliance	Reinsurance	Failure to comply with anti-corruption codes of conduct can lead to reduced demand, loss of customers and considerable image damage.	short- and medium-term	ESRS G1 – Business conduct
41	Risk	Loss of revenue due to legal restrictions and blacklisting	Own operations	Revenue losses may result from restraints on competition and blacklisting as a consequence of corruption and bribery.	medium- and long-term	ESRS G1 – Business conduct
42	Impact (positive)	Preventing anti-competitive behaviour	Own operations	Preventing anti-competitive behaviour and encouraging fair competition.	medium- and long-term	ESRS G1 – Business conduct
43	Impact (positive)	Whistleblower protection	Own operations	Supporting the detection of violations by protecting whistleblowers increases security and stability.	short- and medium-term	ESRS G1 – Business conduct
44	Impact (positive)	Cyber security and data privacy	Own operations	Good data handling and a functioning data management system protect the information of commercial customers, suppliers, employees and business partners.	short-, medium- and long-term	ESRS G1 – Business conduct
45	Impact (negative)	Impacts on commercial customers due to breaches of cyber security	Own operations	Data privacy breaches can adversely impact corporate customers, suppliers, employees and business partners and cause significant financial losses and reputational damage.	short-, medium- and long-term	ESRS G1 – Business conduct

[1] Positive impacts that strategic measures can have on sustainability matters are primarily considered here. Hannover Re is aware that the use of non-sustainable energy sources can at the same time also generate negative impacts on sustainability matters.

[IRO-2_59] The key information provided in the non-financial statement in connection with the impacts, risks and opportunities assessed as material is determined primarily on the basis of internal policies, actions, targets and data. In addition to involvement in the materiality assessment process, this also entails extensive coordination with all relevant areas that provide information on material impacts, opportunities and risks. In the case of sustainability matters connected with climate change, these are first and foremost areas closely associated with underwriting, investing and business operations. For sustainability matters related to the company's own workforce, they are primarily the HR departments, while Group Legal Services, which includes the Compliance department, and the Corporate Office are consulted on sustainability matters connected with governance topics. Corresponding report contents are identified, documented and included in the reporting process for each of these topics in accordance with the requirements of ESRS 1 section 3.2 “Material matters and materiality of information”. Hannover Re has appropriate control steps in place to ensure the quality and accuracy of the information.

Climate change – ESRS E1

Disclosures in accordance with Article 8 of the EU Taxonomy Regulation

Article 8 of the EU Taxonomy Regulation (EU) 2020/852 requires reporting entities pursuant to § 289 of the German Commercial Code (HGB) to publish information on how and to what extent their activities are consistent with economic activities that qualify as environmentally sustainable under the EU Taxonomy. The Taxonomy is a central element of the EU Action Plan for Financing Sustainable Growth and is intended – as a unified classification system – to foster transparency on sustainability in the financial market.

The Commission Delegated Regulation (EU) 2021/2139 supplementing Article 8 of the EU Taxonomy Regulation addresses various environmental objectives of the EU and establishes catalogues of criteria for a wide range of economic activities. In this context, both the investments of the Hannover Re Group and its reinsurance solutions in property and casualty business fall within the scope of consideration.

Reinsurance business

Reinsurance solutions that protect against climate-related natural perils such as flood or storm damage can contribute to climate change adaptation. The provision of corresponding reinsurance capacities increases resilience in the face of natural catastrophes by protecting those impacted and compensating them in case of loss. Furthermore, reinsurance solutions ensure the continuation of major projects and the development of new technologies, thereby sustainably fostering economic growth. Long-standing experience in risk assessment and risk management facilitates the early detection of new and emerging risks and the development of appropriate risk transfer solutions.

The Taxonomy eligibility of our reinsurance activity specifies what proportion of our economic activities is described in the Taxonomy and for which economic activities technical screening criteria have been developed. These criteria determine the substantial contribution to the set environmental objectives, prevent harm to other environmental objectives and are intended to ensure adherence to social minimum standards. The proportions of the economic activities established using the screening criteria are Taxonomy-aligned and must be reported since the financial year 2023. The informative value of the KPIs is considered to be still too slight due to various interpretative uncertainties to be able to incorporate them for effective steering purposes into business decisions and product development processes.

Note

The EU Taxonomy Regulation and the underlying delegated acts contain requirements and passages that make unambiguous and consistent interpretation and implementation difficult. In view of the remaining interpretation uncertainties, it can be assumed that the evaluation of the disclosures in accordance with Article 8 of the EU Taxonomy Regulation – in particular the assessment of eligibility and alignment – will undergo gradual adjustments over time and that comparability within sectors can only emerge progressively. In accordance with the Commission Notice published by the European Commission on 8 November 2024, only premiums that are demonstrably used for the concrete coverage of climate change-related perils specified in Annex A of the Commission Delegated Regulation (EU) 2021/2139 are considered to be Taxonomy-aligned (premium split). A change in methodology was made in the year under review to ensure greater granularity in the analysis of the relevant reinsurance contracts.

As a reinsurance undertaking, Hannover Re is reliant on extensive external data supplied by its clients and business partners for the computation of its Taxonomy alignment, although many of these are not subject to any European reporting obligation. Data gaps – which in some cases will be considerable – must therefore be expected in the early reporting years with regard to available information on the avoidance of significant harm to other environmental objectives. Further information on Hannover Re’s conservative handling of these data gaps is provided in the following description.

Taxonomy eligibility

Notwithstanding further attempts at explanation in the context of the European Commission FAQs, the concept of taxonomy-eligible premiums is subject to uncertainty, leading to various approaches within the insurance industry. Hannover Re defines as Taxonomy-eligible those reinsurance products on the contract level in respect of which climate perils were clearly factored into the pricing in climate peril modelling. These contracts are considered to be Taxonomy-eligible in their entirety. All other reinsurance products in property and casualty reinsurance that do not include direct climate-relevant covers are classified as Taxonomy-non-eligible subject to more precise specifications by the legislator.

Taxonomy alignment

Establishment of Taxonomy alignment requires proof of fulfilment of the technical screening criteria, which are intended to ensure the substantial contribution made by our reinsurance activities to the environmental objective of "adaptation to climate change" (economic activity 10.2; NACE Code K65.2.0). It must then be demonstrated that these activities do not have a negative impact on the environmental objective of "climate change mitigation" and that the minimum safeguards are met.

Substantial contribution

For reinsurance undertakings, the Delegated Regulation (EU) 2021/2039 includes five dedicated technical screening criteria. These reflect business practices and processes that the legislator considers to be essential prerequisites for being able to declare sustainable revenues within the meaning of the EU Taxonomy:

Leadership in modelling and pricing of climate risks

In its economic activities Hannover Re considers state-of-the-art modelling techniques with regard to climate-related natural perils. For further information on its approach to dealing with these risks see the **"Opportunity and risk report"**.

Supporting development and supply of enabling non-life reinsurance products

Hannover Re has implemented processes to ensure that the major needs of its clients regarding climate-related natural perils are considered in reinsurance products. The pricing of such products is risk-based, meaning that preventive measures to minimise these risks (e.g. adherence to certain building standards) can be factored into the pricing. In the case of obligatory reinsurance business, only the share of the portfolio's premiums that meet the technical screening criteria is reported as aligned.

Innovative reinsurance solutions

Hannover Re supports the development of innovative reinsurance solutions with regard to climate-related natural perils in order to satisfy the growing needs of its clients and society.

Data sharing

Hannover Re engages in an exchange with local authorities and shares data on a regular basis and on request for analytical purposes to advance knowledge about changes caused by climate change. The requirements of technical screening criterion 4.1 are thus fully met.

High level of service in a post-disaster situation

If large loss events connected with climate-related natural perils occur, Hannover Re has implemented high standards of claims management that ensure coherent communication within a short timeframe. The requirements of technical screening criterion 5 are therefore fully met.

Compliance with the technical screening criteria can be ensured through standardised processes, work instructions and guidelines. These apply to all reinsurance products (in both obligatory and facultative business) that are in principle considered to be Taxonomy-eligible and where Hannover Re serves as risk carrier. In order to identify premiums connected with aligned products, Hannover Re refers to its internal risk and pricing processes and considers only explicit shares of reinsurance products that are used for coverage of climate change-related perils. This includes, among other things, wind-related natural perils such as storms, water-related natural perils such as floods and heavy rain, and temperature-related natural perils such as heatwaves and wildfires. The revenues that Hannover Re recognises as Taxonomy-aligned on this basis thus make a substantial contribution to social adaptation to perils associated with climate change.

Avoidance of significant harm

In order to be able to recognise economic activities as sustainable within the meaning of the EU Taxonomy, it must be ensured that they do not significantly harm other environmental objectives ("Do No Significant Harm", DNSH). For reinsurance activities, this must be established for environmental objective 1 "Climate change mitigation". This means that the activities recognised as sustainable do not cover cession of insurance of the extraction, storage, transport or manufacture of fossil fuels or the cession of insurance of vehicles, property or other assets dedicated to such purposes.

Hannover Re has implemented processes to ensure that the revenues reported as Taxonomy-aligned do not include any covers related to fossil fuels as described above. In order to identify these covers in obligatory reinsurance activities (the coverage of large portfolios), Hannover Re is dependent on data supplied by its clients and brokers, which it actively requests. In this respect, sometimes sizeable data gaps are evident in the year under review. Portfolios for which no information is available are conservatively considered to be Taxonomy-non-aligned. It can be assumed that increasing data coverage over the coming years will affect the ratio of Taxonomy-aligned revenues.

Compliance with minimum safeguards

Economic activities must be carried out in accordance with the minimum safeguards criteria if they are to be reported as Taxonomy-aligned. Four core topics that undertakings should consider are specified here:

- Respect for human rights
- Prevention of corruption and bribery
- Fair taxation
- Fair competition

Hannover Re has implemented processes for all four core topics to ensure compliance in its business activities. There are no known incidents or pending proceedings for the reporting year that would indicate a breach of the minimum safeguards requirements.

Further information on reported key performance indicators (KPIs):

The Taxonomy KPIs for the 2024 financial year include disclosures on our eligible and aligned revenues from economic activity 10.2 Reinsurance (NACE Code K65.2.0). The mandatory template for (re)insurance undertakings contained in Annex X to the Commission Delegated Regulation (EU) 2021/2178 was used for the presentation. In this context, the stated KPIs refer to the Group revenues of Hannover Re recognised and consolidated pursuant to IFRS 17. In accordance with the Commission Notice published by the European Commission on 8 November 2024, Hannover Re only reports as Taxonomy-aligned the revenues that are demonstrably used to provide concrete coverage for climate-related natural perils (premium split) and at the same time are not connected with fossil fuels. A change was also made in the methodology used to determine the KPIs in the year under review. It is no longer the case that all premiums of a line of business exposed to natural perils pursuant to Solvency II are used to assess Taxonomy eligibility, but rather the exposure is established on the level of contracts. With effect from the 2024 financial year onwards, the premium split for determination of the shares of premiums used to exclusively cover climate-related natural perils is calculated using modelled expected loss values per contract and natural peril. The Taxonomy alignment ratio is derived from the Taxonomy-aligned revenues (numerator) over the total revenues in non-life insurance business (denominator). The share of the aligned revenues from retrocession activities is determined from internal retrocession ratios of the business areas relevant to natural perils. The previous year's figures are not directly comparable owing to the change in methodology in the year under review. No inferences can therefore be drawn from the changes regarding any change in the sustainability profile of Hannover Re's revenues.

The KPIs can be found in the table contained in the annex to this chapter.

Investments

The key performance indicators (KPIs) relating to the EU Taxonomy are determined in accordance with the requirements of the Commission Delegated Regulation (EU) 2021/2178. At the present time, these are not incorporated into strategic business decisions because there is still considerable uncertainty around how they are to be understood as well as room for interpretation. The environmental sustainability of investing activities is managed using other approaches. The regulatory requirements are intended to capture the proportions of environmentally sustainable

(Taxonomy-aligned) as well as potentially environmentally sustainable (Taxonomy-eligible) investments in the numerator relative to the total investments considered of Hannover Re in the denominator.

The denominator is derived from the investments of Hannover Re shown in the balance sheet excluding funds withheld. The Commission Delegated Regulation (EU) 2021/2178 further specifies under Article 7 (1) the exclusion of all exposures to central governments, central banks and supranational issuers from the calculation of the denominator.

The observation horizon of the numerator includes, in particular, securities exposures to issuers covered by the European reporting obligation pursuant to the "Non-financial Reporting Directive" (NFRD) as well as tangible assets and loans where the specific purpose of the lending is known. Investment funds are treated as exposures to the asset manager and included in the numerator, insofar as this is required for reporting pursuant to the NFRD. Special Purpose Vehicles (SPVs), in respect of which the use of the proceeds is known and taxonomy-eligible, are classified as taxonomy eligible. If the use of the proceeds is unknown, the KPIs of the most recent beneficiary undertaking are used and, insofar as this is subject to mandatory reporting under the NFRD, included in the numerator. Exposures to undertakings that are not covered by the reporting obligation pursuant to the NFRD are excluded from the numerator pursuant to Article 7 (3) of the Commission Delegated Regulation (EU) 2021/2178. In the case of issuers whose registered office is within the EU, a check is made to verify the obligation to publish non-financial information.

In order to verify the Taxonomy eligibility and alignment of liquid securities of issuers whose registered office is within the EU, in other words which are potentially subject to the NFRD, we draw on data from an external service provider as well as the results of internal screening for a significant portion of the liquid assets for further allocation purposes. In the case of issuers subject to a reporting obligation, the Taxonomy ratios published in the context of non-financial reporting are applied to the investments of Hannover Re. The reported ratios are similarly either obtained from an external service provider or subsequently acquired manually, where such ratios are not available.

All investments in tangible assets connected with the purchase and ownership of real estate are generally considered to be Taxonomy-eligible. This includes investment property. A property held is also considered to be Taxonomy-aligned if the technical screening criteria, the "Do no significant harm" criteria and compliance with minimum safeguards could be established. Evidence of Primary Energy Demand and the Deepki Index were used and the individual features of the buildings were analysed to document a substantial contribution to climate change mitigation. The “Do No Significant Harm” (DNSH) test entailed the compilation of robust climate risk and vulnerability assessments in accordance with Annex 1 Appendix A of the Delegated Act (EU) 2022/1214 on the Taxonomy on Gas and Nuclear Energy (Taxonomy Complementary Climate Delegated Act [CDA]). Hannover Re has evidence of Taxonomy alignment for roughly 10.4 % of the real estate assets. The remainder of the real estate assets do not make any substantial contribution to climate change mitigation or adaptation according to the technical screening criteria of the regulation. Property, plant and equipment acquired by Hannover Re in connection with infrastructure investments as well as loans in respect of which the financed economic activity is known are subject to internal review with an eye to Taxonomy eligibility and alignment. It was possible to obtain information regarding the correct classification of around 99% (96%) of the total investments considered for the numerator with reasonable effort. Hannover Re does not have corresponding data for around 1% (4%) of the investments, which are therefore initially conservatively reported as Taxonomy-non-eligible. Hannover Re is making every effort to gradually enhance the data quality and coverage and assumes that further improvement of the information base will be possible, in part through progressive standardisation of the reporting and the expansion of regulatory reporting requirements.

The key performance indicators for our Taxonomy-eligible and Taxonomy-aligned investments as well as the other required disclosures can be found in the reporting template in the annex to this chapter. The prior-year comparison takes the form of duplicated reporting templates. The calculation of the environmental target ratios was adjusted in the year under review, as a consequence of which the breakdown of Taxonomy-aligned activities in relation to environmental targets is now dependent on the recognised assets. A minimal exposure exists indirectly through participations in undertakings and loans in connection with the generation of energy from nuclear power or gas within the meaning of the Commission Delegated Regulation (EU) 2022/1214. These are not shown individually in the annex due to minimal materiality. It was not possible to take into account the draft FAQs published at the end of November 2024 due to the short time available and the remaining regulatory uncertainties. Requirements that have still to be fulfilled will be elaborated over the current year.

Further information on reported key performance indicators:
The Taxonomy-aligned investments of Hannover Re derive primarily from liquid investments in undertakings that are subject to the obligation to report under the NFRD and that publish Taxonomy-aligned revenues and capital expenditures (CapEx). In addition, five properties held are currently included in our Taxonomy-aligned investments. The Taxonomy alignment of financial undertakings was published for the first time for the 2023 financial year and is considered in the numerator of the KPIs from this year onwards. The internationally oriented investment horizon of Hannover Re naturally results in a large proportion of issuers not subject to mandatory reporting. At the same time, this gives rise to a relatively small proportion of Taxonomy-eligible and Taxonomy-aligned investments. For the breakdown of the numerator by environmental objective, the value of the Taxonomy-aligned investments is used as the denominator. Although mandatory publication of the contributions to environmental objectives 3 to 6 is only envisaged from 1 January 2025 onwards for non-financial undertakings, ratios are available here for the first time. Corresponding publications are applicable for financial undertakings with effect from 2026.

Hannover Re’s turnover and CapEx-based investments in the year under review stood at 2.0% (1.1%) and 2.7% (1.8%). The increase compared to the previous year derives primarily from the wider availability of reported data.

Template: The underwriting KPI for non-life insurance and reinsurance undertakings

	Substantial contribution to climate change adaptation			DNSH (Do No Significant Harm)					
Economic activities	Absolute premiums, year 2024	Proportion of premiums, year 2024	Proportions of premiums, year 2023 [1]	Climate change mitigation	Water and marine resources	Resource use and circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	in EUR million	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1 Non-life insurance and reinsurance underwriting taxonomy-aligned activities (environmentally sustainable)	1,527.0	8.2 %	6.1 %	Y	Y	Y	Y	Y	Y
A.1.1 Of which reinsured	873.2	4.7 %	2.6 %	Y	Y	Y	Y	Y	Y
A.1.2 Of which stemming from reinsurance activity	1,527.0	8.2 %	6.1 %	Y	Y	Y	Y	Y	Y
A.1.2.1 Of which reinsured (retrocession)	873.2	4.7 %	2.6 %	Y	Y	Y	Y	Y	Y
A.2 Non-life insurance and reinsurance underwriting taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned)	4,537.8	24.3 %	59.9 %	—	—	—	—	—	—
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	12,599.9	67.5 %	34.0 %	—	—	—	—	—	—
Total (A.1+A.2+B)	**18,664.7**	**100.0 %**	**100 %**	—	—	—	—	—	—

[1] Hannover Re adjusted the methodology used to calculate Taxonomy-eligible and Taxonomy-aligned premiums in the year under review. The prior-year figures are therefore not directly comparable.

Template: The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned economic activities in relation to total investments

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below: Turnover-based: 2.0% Capital expenditures-based: 2.7%	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: EUR 742.2 m Capital expenditures-based: EUR 992.0 m
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities. Coverage ratio: 100.0%	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage:EUR 37,348.8 m

Additional, complementary disclosures: breakdown of **denominator** of the KPI

The percentage of derivatives relative to total assets covered by the KPI: 0.6%	The value in monetary amounts of derivatives: EUR 230.4 m
The proportion of **exposures to financial and nonfinancial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 31.2% For financial undertakings: 41.1%	Value of **exposures to financial and nonfinancial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 11,656.0 m For financial undertakings: EUR 15,346.7 m
The proportion of **exposures to financial and nonfinancial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 27.1% For financial undertakings: 32.2%	Value of **exposures to financial and nonfinancial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 10,115.7 m For financial undertakings: EUR 12,036.5 m

Additional, complementary disclosures: breakdown of **denominator** of the KPI

The proportion of **exposures to financial and nonfinancial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 9.9% For financial undertakings: 8.7%	Value of **exposures to financial and nonfinancial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 3,700.9 m For financial undertakings: EUR 3,248.1 m
The proportion of **exposures to other counterparties and assets over total assets** covered by the KPI: 8.5%	Value of **exposures to other counterparties and assets**: EUR 3,166.7 m
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holder**: 100.0%	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**. EUR 37,348.8 m
The value of all the investments that are funding **economic activities that are not Taxonomy eligible** relative to the value of total assets covered by the KPI: Turnover-based: 14.3% Capital expenditures-based: 13.6%	Value of all the investments that are funding **economic activities that are not Taxonomy eligible**: Turnover-based: EUR 5,332.9 m Capital expenditures-based: EUR 5,061.7 m
The value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned relative to the value of total assets** covered by the KPI: Turnover-based: 10.8% Capital expenditures-based: 10.9%	Value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned**: Turnover-based: EUR 4,040.6 m Capital expenditures-based: EUR 4,062.0 m

Additional, complementary disclosures: breakdown of **numerator** of the KPI

The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: 0.7% Capital expenditures-based: 1.4% For financial undertakings: Turnover-based: 0.2% Capital expenditures-based: 0.2%	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: Turnover-based: EUR 274.2 m Capital expenditures-based: EUR 516.1 m For financial undertakings: Turnover-based: EUR 85.8 m Capital expenditures-based: EUR 92.9 m
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: 2.0% Capital expenditures-based: 2.7%	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: EUR 742.2 m Capital expenditures-based: EUR 992.0 m
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: 1.0% Capital expenditures-based: 1.0%	Value of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: EUR 382.1 m Capital expenditures-based: EUR 382.9 m

Breakdown of the numerator of the KPI per environmental objective
Taxonomy-aligned activities – provided 'do-no-significant-harm'(DNSH) and social safeguards positive assessment

	Turnover	CapEx
(1) Climate change mitigation	2.0 %	2.6 %
(2) Climate change adaptation	0 %	0 %
(3) The sustainable use and protection of water and marine resources	— %	— %
(4) The transition to a circular economy	— %	— %
(5) Pollution prevention and control	— %	— %
(6) The protection and restoration of biodiversity and ecosystems	— %	— %

	Turnover	CapEx
Transitional activities Enabling acitivities	0,1 % 0,4 %	0,1 % 0,7 %
Enabling acitivities	—%	—%
Enabling acitivities	—%	—%
Enabling acitivities	—%	—%
Enabling acitivities	—%	—%
Enabling acitivities	—%	—%

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	YES / NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Templates with previous year's data

Template: The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments, year 2023

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic **activities relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below: Turnover-based: 1.1% Capital expenditures-based: 1.8%	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: EUR 360.4 m Capital expenditures-based: EUR 591.6 m
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities. Coverage ratio: 100.0%	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: EUR 33,241.4 m

Additional, complementary disclosures: breakdown of **denominator** of the KPI, year 2023

The percentage of derivatives relative to total assets covered by the KPI: 0.8%	The value in monetary amounts of derivatives: EUR 262.5 m
The proportion of **exposures to financial and nonfinancial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 33.4% For financial undertakings: 42.7%	Value of **exposures to financial and nonfinancial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 11,109.5 m For financial undertakings: EUR 14,208.1 m
The proportion of **exposures to financial and nonfinancial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 29.5% For financial undertakings: 28.4%	Value of **exposures to financial and nonfinancial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 9,793.0 m For financial undertakings: EUR 9,450.1 m

Additional, complementary disclosures: breakdown of **denominator** of the KPI, year 2023

The proportion of **exposures to financial and nonfinancial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 6.1% For financial undertakings: 7.8%	Value of **exposures to financial and nonfinancial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 2,013.8 m For financial undertakings: EUR 2,583.6 m
The proportion of **exposures to other counterparties and assets over total assets** covered by the KPI: 9.2%	Value of **exposures to other counterparties and assets**: EUR 3,064.0 m
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy**: 100.0%	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**. EUR 33,241.4 m
The value of all the investments that are funding **economic activities that are not Taxonomy eligible** relative to the value of total assets covered by the KPI: Turnover-based: 12.6% Capital expenditures-based: 13.5%	Value of all the investments that are funding **economic activities that are not Taxonomy eligible**: Turnover-based: EUR 4,175.7 m Capital expenditures-based: EUR 4,486.5 m
The value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned relative to the value of total assets** covered by the KPI: Turnover-based: 9.4% Capital expenditures-based: 7.8%	Value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned**: Turnover-based: EUR 3,125.4 m Capital expenditures-based: EUR 2,583.3 m

Additional, complementary disclosures: breakdown of **numerator** of the KPI, year 2023

The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: 0.6% Capital expenditures-based: 1.3% For financial undertakings: Turnover-based: 0.0% Capital expenditures-based: 0.0%	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: Turnover-based: EUR 208.3 m Capital expenditures-based: EUR 439.6 m For financial undertakings: Turnover-based: EUR 0.0 m Capital expenditures-based: EUR 0.0 m
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: 1.1% Capital expenditures-based: 1.8%	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: EUR 360.4 m Capital expenditures-based: EUR 591.6 m
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: 0.5% Capital expenditures-based: 0.5%	Value of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: EUR 152.0 m Capital expenditures-based: EUR 152.0 m

Breakdown of the numerator of the KPI per environmental objective, year 2023
Taxonomy-aligned activities – provided 'do-no-significant-harm'(DNSH) and social safeguards positive assessment

	Turnover	CapEx		Turnover	CapEx
(1) Climate change mitigation	95.5%	70.8%	Transitional activities Enabling activities	4.4 % 20.9 %	0.9 % 15.6 %
(2) Climate change adaptation	0.1%	22.9%	Enabling activities	—%	4.0%
(3) The sustainable use and protection of water and marine resources	—%	—%	Enabling activities	—%	—%
(4) The transition to a circular economy	—%	—%	Enabling activities	—%	—%
(5) Pollution prevention and control	—%	—%	Enabling activities	—%	—%
(6) The protection and restoration of biodiversity and ecosystems	—%	—%	Enabling activities	—%	—%

Template 1: Nuclear and fossil gas related activities, year 2023

Row	Nuclear energy related activities	YES / NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Management of impacts, risks and opportunities

Transition plan for climate change mitigation [E1-1]

Climate change is a central challenge of our time. Hannover Re is dedicated to supporting the goals of the Paris Agreement on climate change and has committed to conduct its business on a climate-neutral basis by the year 2050. Going forward, the path to achieving this aim is to be set out in a transition plan for climate change mitigation. For this purpose, the ESRS (and other frameworks currently under development) prescribes a number of mandatory content items and concrete targets for the objectives. At this moment in time, Hannover Re still finds itself faced with numerous methodological uncertainties and a dynamic pace of regulatory change. At the same time, there remains a lack of reliable data bases (especially in relation to reinsurance business), which makes it difficult to elaborate meaningful and binding transition planning. Consequently, Hannover Re is not yet publishing a transition plan as defined by the ESRS.

Notwithstanding the above, mitigating climate change is a central element of Hannover Re's strategic ambitions. Sustainability forms an integral component of the Group Strategy and is incorporated both in the ambition and in the foundations.

[MDR-P_65b] An "Environmental Strategy" applicable Group-wide was approved for the 2024–2026 strategy cycle. This addresses the three action fields of ecological and climate matters in underwriting, investments and own operations for the entire Hannover Re Group and is intended to integrate them efficiently and effectively into daily actions. These action fields are:

- Progressive decarbonisation of the underwriting and investment portfolios as well as of the undertaking's own operations
- Increased engagement on sustainability and climate matters with cedants, brokers, issuers and own employees
- Providing targeted support for the sustainable transition and strengthening society's resilience against the impacts of advancing climate change through Hannover Re's core competencies

[E1-2_25a, AR_16-18] The Environmental Strategy responds to material identified impacts, risks and opportunities connected with climate change mitigation, adaptation to climate change and the energy transition and is operationalised in the three action fields through various measures and targets in the respective value chain activities. These are taken up on a dedicated basis in the following chapters. [MDR-P 65e] As described in the section ESRS 2 SBM-2, the interests of Hannover Re's key stakeholders are considered in various ways in the strategy development processes and have been incorporated into the Environmental Strategy.[MDR-P_65a] Ultimate responsibility for implementation rests with the Executive Board of Hannover Re. Compliance with the targets is continuously reviewed and the Executive Board receives half-yearly progress reports.

Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS 2 SBM-3]

[SBM-3_19] As a global reinsurer, the consequences of climate change are a relevant issue for the future resilience of Hannover Re's business model because they influence business activity in all areas – in property & casualty, life & health reinsurance and investments. At the same time, the impacts of climate change constitute the most important sustainability risk for Hannover Re and they are therefore closely analysed, monitored and managed.

The analysis of risks associated with climate change is currently focused on changes in the frequency and severity of natural catastrophes (physical risks). In addition, investments (including transition risks), biometric factors and liability contracts are analysed in relation to risks from climate change. In order assess potential consequences and determine actions, scenarios were developed that evaluate the material physical and transition impacts of climate change on business activities. Natural catastrophes such as floods, hail events and tropical cyclones are modelled in this context. Hannover Re's interdisciplinary team for natural hazard modelling factors the insights gained into the pricing of reinsurance solutions and into risk management, among other things when it comes to setting the large loss budget. Furthermore, internal studies are conducted to assess the risks from climate change and the topic is addressed in international working groups. The findings of the analyses are presented to the Risk Committee and integrated into the annual Own Risk and Solvency Assessment (ORSA) report. Thanks to regular evaluation of the exposure and actions taken to manage the business, Hannover Re's business model has demonstrated its resilience even in times of rising loss expenditures due to the consequences of climate change. At the same time, these developments are driving the need and demand for reinsurance protection, enabling Hannover Re to make a relevant contribution to strengthening societal resilience. [E1_AR_6] As a general principle, no material physical and transition risks are excluded from consideration. [SBM-3_8b] The findings of the scenario analyses can also result in adjustments to reinsurance products, if needed, and are processed for use in training the affected employees.

In the context of the materiality assessment, the Hannover Re Group identified various material impacts and risks in connection with climate change mitigation, climate change adaptation and energy in the individual value chain activities. They are specified and numbered in the respective subchapters and are supported with corresponding policies and – as appropriate – targets. A complete overview is provided in the table **"Identified material impacts, risks and opportunities"**.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities [ESRS 2 IRO-1]

[IRO-1_20a] Hannover Re's business activities are associated with adverse effects on climate change. These can be caused both directly through emissions in own operations (e.g. through the operation of office buildings and through business travel) and they may be of a more indirect nature in the downstream value chain, inasmuch as reinsurance protection and capital enable other economic activities that result in CO_2 emissions. Quantified data on Hannover Re's greenhouse gas emissions can be found in E1-6. [E1_AR_9a] Hannover Re continuously calculates greenhouse gas emissions in accordance with the GHG Protocol and monitors developments around accounting approaches for emission sources not previously considered (e.g. emissions from insurance business).

[E1_AR_9b] Hannover Re's material actual and potential impacts on climate change are reflected in the respective amounts of the individual greenhouse gas categories. Key drivers are addressed by appropriate concepts. The approach to dealing with Hannover Re's impacts is discussed in detail in the following chapters.

Management of risks and opportunities from climate change
[E1-AR_11a] Due to its business model, Hannover Re regularly determines its exposure to short-, medium- and long-term physical and transition climate risks as part of its risk management processes and closely manages these risks. Climate change and the transition to a lower-emission economy go hand-in-hand with numerous impacts on economic activities and are important topics within risk management. Among other things, therefore, the various effects of climate change – and of the induced social and technological developments – on the business model are evaluated. This relates to both risks arising from the transition to a lower-emission economy and resulting opportunities.

Climate change risk analysis is currently focused on changes in the frequency and severity of natural catastrophes in relation to property and casualty reinsurance, since it is here that short-term changes are in some cases to be expected or could already be observed in the past. For this reason, the models for managing and pricing natural catastrophe risks are regularly revisited with an eye to changes resulting from climate change. Among other things, scenario analyses guided by the assumptions of the Representative Concentration Pathways (RCPs) of the Intergovernmental Panel on Climate Change (IPCC) are used.

As far as Hannover Re's life and health reinsurance business is concerned, mortality and morbidity risks induced by climate change are also considered. Given that obligations in life and health business generally have a long-term horizon, the effects of climate change – such as from global warming or environmental pollution – are still subject to considerable uncertainty. Currently, close attention is paid here to the impacts of an increased frequency of extreme heat events as well as a lower frequency of extreme cold events. The expected future claims were analysed to verify any exposure. For the modelling of various scenarios, both different regions and the emission pathways RCP4.5 and RCP8.5 for the year 2100 are considered.

Risks from climate change and natural catastrophes and from adaptation processes to reduce greenhouse gases also have increasing implications for various (sub-)asset classes, issuers or targets in the investment portfolio. Where climate change risks are concerned, it is especially important to consider the risks posed by more frequent and more severe natural catastrophes, e.g. elevated flood risks for physical assets such as real estate. Risk analyses have been implemented for assets belonging to the directly held real estate portfolio in response to such elevated risks. Temperature-, wind- and flood-related risks, among others, are reported.

Hannover Re has not identified any material climate change-related risks to its own operations.

[E1_AR_11b] In assessing the materiality of climate-related risks connected with Hannover Re's business model, three time horizons are contemplated: short-term (up to 1 year), medium-term (up to 5 years) and long-term (longer than 5 years). The risk categories of Hannover Re's risk register are considered here. On the highest level, these are the underwriting risk, the market risk, the default risk, the operational risk and other risks, such as strategic risks. Climate change and its impacts will affect all these risk categories, with heavier impacts in more extreme climate change scenarios.

Hannover Re draws up detailed business planning for the coming year and an aggregated business outlook for the following four years. The planning and outlook involve assumptions regarding the run-off of existing business and assumptions around future new business and new investments. The planning horizons are guided by, among other things, the length of customary market cycles and market changes after major natural disasters. The period of the business planning is thus consistent with the short-term time horizon for identification of climate risks, while the medium-term business outlook is in line with the corresponding medium-term time horizon for identification of climate risks. At the present time, no outlook exists for business metrics over a period of more than five years. The capital allocation is determined on the basis of market cycles and business dynamics in each case for the coming year only. Underwriting liabilities on Hannover Re's books – especially in life reinsurance – frequently extend over many decades. Some of the assets are therefore also invested over a very long time horizon.

With regard to the impacts of climate change, both the expected time horizon of a material, climate change-induced effect and the available response time to take management actions are considered for all relevant risk categories. Thus, for example, the annual renewals in property and casualty reinsurance give rise to short response times and the possibility of steering risks accordingly. In current analyses and actions, the focus is on risk categories with anticipated short-term impacts as well as anticipated medium-term impacts with a medium-term response time. The materiality assessment is qualitative, based on estimates and past loss experience, and is factored into management actions. Various individual scenario analyses make assumptions on the impacts of climate change in the next 10-30 years. The assumptions are in some instances based on best estimates and sometimes on stress tests.

[E1_AR_11c] It must currently be assumed that climate change has already materially impacted the natural hazards windstorm, flood, heavy rain, hail, heatwaves and cold snaps as well as wildfires and will continue to do so in the short term. Hannover Re accepts the aforementioned physical risks worldwide as part of its underwriting activity. Since consideration is given to the impacts in management processes, it will continue to be possible to control the specified risks. The assessment takes into account both the duration and scope of the perils as well as regional specificities.

As far as all other risks associated with climate change are concerned, it is anticipated that the impacts will only manifest themselves over the medium to long term, depending on the scale of climate change and the adaptation processes. Hannover Re accepts such risks worldwide.

[E1_AR_7c] In the investment portfolio, the risk to the assets and earnings position is currently not considered to be material. Minimal impacts are expected over the short and medium term.

Effects on the upstream supply chain with material impacts on Hannover Re have not been identified to date. Investments and policyholders do not belong to the upstream supply chain as defined by the CSRD.

Process to identify climate-related physical risks
[IRO-1_20b; AR_11d] Climate-related perils can give rise to physical risks affecting in particular Hannover Re's reinsurance business. The reinsurance of risks resulting from climate-related natural catastrophes is a central component of the business model. A closely integrated network of risk management processes has therefore been put in place to assess and steer these risks. Thus, for example, both external and internal risk models are used to model catastrophe scenarios. A team of experts applies, analyses and refines these models in close collaboration with specialised providers, scientific experts and institutions. In addition, deterministic climate change scenarios and forward-looking simulation models are used with the goal of evaluating potential implications of climate change for Hannover Re's entire business activity and establishing actions to steer the business on this basis. The monitoring of risks deriving from natural hazards is rounded off with stress tests as well as scenario and sensitivity analyses.

[E1_AR_13a] In this context, as a scenario encompassing qualitative and quantitative aspects, Hannover Re uses an internally developed climate-related approach and looks at two main scenarios with a temperature increase of 2 °C by 2050 (~RCP 4.5) and 4 °C by 2050 (significantly more extreme than RCP 8.5). These scenarios are used to evaluate natural catastrophe, mortality and morbidity risks.

[E1_AR_13b] The two main scenarios used for climate change are defined for 2050, but their impacts are presumed to occur next year under the stress test (instant shock). The 2°C and 4°C scenarios define the increase in the global average surface temperature compared to the pre-industrial level. Compared with the increase in the average surface temperature of around 1°C already recorded today, these scenarios account for an increase of 1°C and 3°C respectively. This stress test is conducted every two years on the Group level. It should be noted that the scenario for global warming of 4°C by 2050 is physically highly unrealistic and therefore constitutes an extreme case intended to optimally cover all ranges. The climate change scenarios examined for the IPCC show a warming of between roughly 1.5°C and 3°C by 2050 compared to the pre-industrial level.

[E1_AR_13c] The analyses are in each case based on the current portfolio status at year-end prior to conducting the scenario analysis. They relate, for example, to the insured portfolio with natural hazards exposure. The impacts that climate change (by 2050) would have in the event of immediate occurrence following year-end are examined. In this context, other factors that will probably change in the future – such as the trend towards urbanisation, consumer / service price inflation – as well as risk-mitigating actions – such as new or upgraded dikes and damns or extended floodplains – are disregarded to isolate the influence of climate change. Numerous other assumptions about the effect of this temperature increase, e.g. on natural catastrophes and population mortality, are made on this basis. [E1_ AR_8a] The assumptions are largely derived from scientific studies. All assumptions made are subject to considerable uncertainty.

[E1_AR_13d] Fine-scaled or regional recalibrations of models for tropical cyclones in the North Atlantic, tropical cyclones in the North-West Pacific, floods in Central Europe as well as hail events in Australia and the United States are currently considered using a detailed approach (event allocation). All other hazards/regions are analysed using a simplified approach. All licensed models used for the pricing and risk management of natural catastrophe risks are validated and recalibrated as necessary to reflect our own risk assessment. Scientific insights on climate change are also taken into consideration. This process presents multiple challenges. For example, historical data series are used for modelling, and it cannot always be unambiguously identified to what extent climate change is already considered in the models. A further factor is that scientific projections are normally longer term (2050 or 2100), whereas Hannover Re attaches importance to short-term impacts owing to the typical contract period of one year. Furthermore, there are opposing effects associated with various hazard characteristics (e.g. expected increase in the intensity of tropical cyclones, but a potential decrease in the overall frequency of such events), a lack of statistically significant evidence for changes and a lack of scientific consensus for many hazards and regions. Despite this, recalibrations are determined and hence the additional risk associated with short-term climate change is considered both in the pricing and in the overall current solvency calculation.

As far as the long-term impacts of climate change on reinsurance treaties covering mortality risks are concerned, assumptions regarding excess mortality are based on more intensive and protracted periods of hot weather. Here, too, reference is made to existing scientific studies.

Analyses in the directly held real estate portfolio reflect the present and address, among other things, temperature-, wind- and flood-related risks.

Processes to identify transition risks and opportunities
[IRO-1_20c, AR_12a] Hannover Re conducts extensive analyses to examine more closely the effects of transition events. Reference is made to scientific studies, including those of the IPCC, together with involvement in internal and external working groups. In conclusion, the expectation – especially in the case of severe global warming - is that all risks can be affected over the long term. The focus of quantitative analyses is on risks, the impacts of which are already possible in the short and medium term. In the case of transition risks, these are litigation risks and decreases in asset values affecting investments in sectors that may be particularly vulnerable to climate change. [E1_AR_8a] Overall, all analyses are subject to very considerable uncertainty owing to the long periods to be considered, necessary assumptions around the implementation of societal measures to reduce greenhouse gases and the complexity of the climate system. [E1_AR_15] The risk management processes and corresponding scenarios

for transition risks are compatible with the assumptions made in Hannover Re's financial statements.

Changes in natural catastrophe risks due to climate change may trigger increased demand for traditional reinsurance products designed to protect against natural catastrophes, but can also be reflected in a need for new or modified products. Along with risk management, importance therefore also attaches to business opportunity management. Hannover Re systematically seeks to identify new business opportunities to generate sustainable growth and strengthen the company's profitable development. Key elements in Hannover Re's business opportunity management include its various market-specific innovations in the Life & Health and Property & Casualty reinsurance business groups. In property and casualty reinsurance, for example, analyses of emerging risks are carried out within a specialised working group, on the basis of which new risks and business options are identified and presented to the relevant committee. Overall, considerable uncertainty and unpredictability surrounds the opportunities associated with climate change. At the current point in time, the extent of these opportunities is not assessed as material for Hannover Re's assets and earnings position.

[E1_AR_12b] Transition risks are especially relevant to Hannover Re's business model on the investing side, because institutional investors generally pursue a long-term investment horizon. Transition risks derive from the progressive transition towards a climate-friendly economy and the necessary changes to business models. In some industries, for example, the current business model is being questioned, for example in the case of operators of fossil power plants or in sectors engaged in coal mining and oil production. This can result in a dramatic decline in the market value of affected assets or cause them to become worthless (stranded assets). Other industries and the wider economy will also have to adjust to changes in their business processes, e.g. because equipment and technologies used today, such as combustion engines powered by fossil fuels, can no longer be used in the future. These developments affect the business and earnings potential of undertakings and hence their credit ratings, ability to pay dividends and share price performance, and are therefore relevant to investment activities.

Climate change-induced litigation risks in underwriting business can arise when undertakings are held financially responsible for impacts of climate change and the payments are covered by insurance contracts. Hannover Re's exposure in this regard is regularly monitored with the aid of scenarios. Potential litigation risks are evaluated primarily using a scenario with heavy impacts from climate change (aligned with RCP 8.5), with the assumption also being made that countermeasures through legal changes enable those responsible for advancing climate change to be held liable. [E1-IRO_20ci] A corresponding working group has been set up to ensure that the methods used to evaluate climate change-induced risks are state of the art. The capabilities for evaluating a wide range of risks are constantly refined based on the insights from the IPCC Assessment Reports and other scientific publications.

[E1_AR12c,13a] In analysing possible transition risks for Hannover Re's investments, a particular focus is on emitters and sectors that have lasting adverse implications for the achievement of the Paris agreement on climate change. These are generally subject to an elevated risk of being more heavily impacted than other sectors by future transition changes (e.g. legal prohibitions or higher carbon prices) for achievement of the Paris climate goals, which can therefore result in losses of value. Various parameters are included to assess these potential risks (e.g. also extending to external risk ratings) that make allowance for substantial adjustment processes. In this context, however, no explicit scenario within the meaning of the ESRS is used that restricts global warming to 1.5°C with or without a limited overshoot. For risk assessment purposes, a stress test is regularly carried out on the investment portfolio to identify issuers and sectors at the greatest risk of inadequate adjustment to a low-carbon economy. This is based on the issuer's carbon intensity and further ESG information provided by an external service provider. It encompasses the asset categories of corporate bonds, covered bonds and equities. Depending on the risk classification, increases in credit spreads on bonds and price reductions on equities have been defined for the implemented stress scenarios. Guided by these parameters, transition risks in relation to industries and issuers can be assessed and incorporated into the investment process. The scenarios are of a qualitative nature and based on own assumptions and expert opinions.

[E1_AR_12c] When looking at scenarios to assess litigation risks, assumptions regarding insured market losses are based on the greenhouse gas emissions of the insured undertakings. Another scenario addresses litigation risks arising out of divergences between targets and actions communicated by undertakings and the targets actually achieved.

[E1_AR_13b] Given that in each case an instantaneous loss of value or reinsurance loss is assumed, the time horizon for these scenario analyses is of minor significance. The scenarios for the investment side differentiate the losses in value by sector and maturity of the securities. The litigation scenarios are differentiated according to, among other things, the greenhouse gas emissions of the insured undertakings.

[E1_AR_13c] The analyses are based in each case on the current portfolio status at least at year-end prior to conducting the scenario analysis. The impacts that climate change would have in the event of immediate occurrence following year-end are examined. In this context, other factors and trends – such as measures to adjust the business models of affected undertakings – are disregarded to isolate the influence of climate change. All assumptions made are subject to considerable uncertainty.

[E1_AR_13c, d] An individual scenario that does not directly reference the IPCC is taken as a basis for assessing transition risks affecting investments. This puts the focus on the differing degrees to which sectors are affected with an eye to the resilience of their business models in the transition to a climate-friendly economy. As a general principle, the scenarios are merely inspired by the IPCC parameters and do not correspond to them in every detail. Among other things, further granular assumptions are needed, e.g. regarding the extent to which individual sectors are impacted and the coverage provided in reinsurance treaties.

[IRO_AR_12d] The business activity of a reinsurer and the associated investing activity is essentially considered a service capable of mitigating the financial impacts of climate change. Steps have been initiated to reduce the reinsurance of and investment in greenhouse gas-intensive energy producers.

Reinsurance business

Description of the material impacts and risks in reinsurance business

Climate change mitigation
Climate change-induced litigation risks can arise on the underwriting side if undertakings are held financially responsible for costs resulting from climate change and potential penalties are covered by insured contracts. This involves a potential transition risk (#12).

In addition, the reinsurance of carbon-intensive sectors was identified as a potentially negative impact on climate change mitigation (#11).

Climate change adaptation
Reinsurance solutions that cover climate-related natural hazards such as flood or windstorm losses and for which qualitative and quantitative scenario analyses are considered have a positive influence on adaptation to climate change. The offer of corresponding reinsurance capacities to primary insurers increases resilience to natural catastrophes by protecting them and enabling them to compensate their policyholders in the event of loss or damage (#1).

A negative impact is exerted on adaptation to climate change if an insurance protection gap arises for certain climate risks, such as natural catastrophes. This can lead to significant financial risks for society and adversely affect economic stability (#2).

The most significant sustainability risk for Hannover Re's assets and earnings position derives from declines in profitability due to rising loss expenditures in reinsurance business which result from progressive climate change (e.g. increased risk from physical weather extremes). This involves a potential physical risk (#3).

Energy
As risk carriers, insurers play a direct part in supporting the global energy transition. As a global reinsurer, Hannover Re therefore exerts a positive influence on the energy transition by reinsuring projects for renewable energy sources and the corresponding infrastructure (#17).

On the other hand, a negative impact on the energy transition exists if support continues to be provided for the supply of non-renewable energy (e.g. coal-fired power generation) by reinsuring it (#20).

Policies related to climate change mitigation and adaptation [E1-2]

In view of the increasing impacts of climate change on global economic and living conditions, reinsurance undertakings find themselves challenged both to promote climate change mitigation and develop adaptation strategies in order to ensure their long-term stability and profitability. Consideration of ESG criteria in the insurance business, for example, has an impact on sustainable development. With a view to tackling these challenges, Hannover Re has developed and adopted various policies in reinsurance business that reduce adverse impacts and risks in relation to climate change. At the same time, they can have a positive influence on climate change. [E1-2_MDR-P 65a] The "three lines of defence" system is used to monitor all Hannover Re policies connected with climate change mitigation and climate change adaptation. For further information the reader is referred to the section **"Business conduct policies"**. The description of the material impacts and risks addressed by the following policies is provided in the section **"Description of the material impacts and risks in reinsurance business"**.

Environmental Strategy
The central policy for anchoring environmental matters in Hannover Re's reinsurance business with an eye to the future is the "Environmental Strategy" newly approved in the year under review for the strategy cycle 2024–2026. This contains work packages and goals specific to reinsurance business for addressing material identified impacts, risks and opportunities. The action field "decarbonisation" is intended, in particular, to mitigate negative impacts on climate change (#11) and the energy transition (#20) and reduce transition-related risks (#12). It is envisaged that greater interaction with cedants and brokers in the context of the second action field "Engagement" will similarly make a positive contribution to the impacts and risks. The third action field geared to strengthening social resilience picks up on actions and targets that are intended to support the positive impacts of core business as a global risk carrier (#6, #45). For further minimum disclosure requirements regarding the strategy, the reader is referred to the section **"Transition plan for climate change mitigation"**. Hannover Re's strategic orientation is complemented by further internal policies and guidelines in connection with climate change.

ESG Position Paper of the Property & Casualty (P&C) Business Group
[E1-2_25a-e, AR_16-18] Back in 2022 Hannover Re had already approved an internal positioning in the form of a global ESG P&C position paper that addresses the sustainability matters of climate change mitigation / climate change adaptation and the reinsurance of renewable energy sources. The position paper summarises the understanding of ESG topics within the property and casualty reinsurance sector in order to establish a uniform basis for the dialogue with Hannover Re's property and casualty reinsurance clients. It also regulates the exclusions and underwriting policy with which carbon-intensive property and casualty reinsurance business connected with fossil fuels will be reduced (#11, #20). Since 2022, for example, Hannover Re has committed to decline portfolios used exclusively for coverage of thermal coal risks. The same applies to covers associated exclusively with the exploration and/or development (upstream) of new oil and gas reserves (greenfield) or that exclusively support the transportation and storage (midstream) of new oil and gas reserves (greenfield). As a global risk carrier, Hannover Re also promotes technological progress and thereby supports the ongoing development of low-emissions processes and products in undertakings, for example in connection with the reinsurance of renewable energy sources. In this regard, the ESG position paper addresses the approach to new climate-friendly and low-emissions technologies (#17). Closing protection gaps is similarly a stated action field in the position paper with a view to promoting the climate and disaster resilience of society worldwide (#1, #2). [MDR-P_65d] In the context of the ESG position paper, Hannover Re respects international human rights in the property and casualty reinsurance sector as described in the United Nations Universal Declaration of Human Rights and the Declaration on the Rights of Indigenous Peoples, the UN Guiding Principles on Business and Human Rights and the National Action Plan.

[MDR-P_65b] The ESG position paper is applicable to Hannover Re's entire property and casualty reinsurance sector. [MDR-P_65c] Responsibility for observance and implementation of the ESG position paper rests with the Property & Casualty Executive Committee.

ESG Manual of the Facultative Division
Complementing the ESG position paper, the Facultative Division has an ESG manual containing further specifics. This touches on additional environmental matters and, among other things, regulates exclusions for carbon-intensive business in the Facultative Division (#11, #20). The Facultative Division's ESG manual also defines the approach to new climate-friendly and low-emissions technologies and industries (#17). [E1-2_25a-e, AR_16-18] The ESG manual thereby addresses the sustainability matters of climate change mitigation and the use of renewable energy. Targeted risk exclusions that help to reduce the exposure to fossil fuels are a key element of the ESG manual. Since as far back as April 2019, the Facultative Division has no longer provided reinsurance for any planned new coal-fired power plants or thermal coal mines. Moreover, any new business connected with thermal coal infrastructure has been excluded from February 2020 onwards. Thermal coal infrastructure encompasses mines, coal-fired power plants and facilities as well as port and rail operations that are exclusively dedicated to the coal industry. The Facultative Division also excludes individual risks that generate more than 30% of their revenues from activities in thermal coal. Complementing the stated exclusions, a long-term exit plan for the existing facultative business of thermal coal risks was adopted in 2021. The phased plan, which is set out in the Facultative Division's ESG manual, provides for exclusions based on

thresholds. It is envisaged that these thresholds will be progressively lowered in subsequent years until the complete exclusion of all thermal coal risks in 2038. The current stage in the Facultative Division's exit plan provides for the scaling back by the end of 2025 of business with thermal coal producers whose annual production from all mines amounts to 100 million tonnes or more and the reduction of existing business with coal-fired power plant operators whose installed total coal-fired power plant capacity reaches or exceeds 25 gigawatts. In addition, the facultative reinsurance of stand-alone coal-fired power plants with an installed capacity of more than 5 gigawatts will be discontinued by the end of 2025. Furthermore, since mid-2022 the Facultative Division has no longer taken on any new covers for project policies associated with the exploration and/or development (upstream) of new oil and gas reserves (greenfield) or for project policies that exclusively support the transportation and storage (midstream) of new oil and gas reserves (greenfield). It is already the case that since 2020 the Facultative Division has also no longer accepted any new individual risks for companies that generate 20% or more of their revenue from oil sands. This also excludes oil sands extraction and processing operations. Oil sands extraction and processing encompass extraction from bituminous sand, refinement of synthetic crude oil, further processing of this synthetic crude into petroleum products and the associated transportation by pipeline or rail. Existing business in this segment was not renewed in the 2024 reporting year. The Facultative Division also does not reinsure any new stand-alone oil-fired power plants that were not in operation or under construction by 1 July 2023. Furthermore, the Facultative Division no longer accepts any new risks connected with projects for the extraction of oil and gas in Arctic regions – this policy applies to both new and existing projects (greenfield and brownfield). Hannover Re defines "Arctic regions" – in line with the procedure followed in its investing activities – as the zone around the Arctic Circle which runs in a circle of latitude 66.34° north of the Equator. This includes the Arctic National Wildlife Refuge (ANWR) in the United States. In addition, no risks are written that are connected with the development of new oil and gas deposits in deep waters. Nor has the Facultative Division supported any projects connected with deep-sea mining since 2023.

The Facultative Division also declines transactions that may entail damage to protected wetlands (Ramsar Convention), protected areas classified as category 1a and 1b by the International Union for Conservation of Nature (IUCN) or UNESCO world cultural heritage sites. Similarly, no new projects are supported where it is known that impacted indigenous peoples have not given their free, prior and informed consent (FPIC).

In addition, the Facultative Division addresses in its ESG manual the International Labour Organization (ILO) frameworks and also excludes business with undertakings that are connected to internationally controversial weapons. [MDR-P_65d] The Facultative Division is also required to comply with the standards described in the ESG position paper of the P&C business group.

As another element of the Facultative Division's ESG manual, Hannover Re has continuously striven since 2021 to identify undertakings from various economic sectors that are to be assessed as attractive from an ESG perspective in order to give them special support in the context of its facultative reinsurance activities.

[MDR-P_65b] The ESG manual is applicable to Hannover Re's entire Facultative Division and is operationalised through a range of measures. [MDR-P_65c] Responsibility for operational implementation rests with the Managing Director of the Facultative Division.

Climate and Disaster Resilience Position
With its range of reinsurance products, Hannover Re helps people around the world to access insurance protection. For it is frequently the case that primary insurers are only able to cover large portfolios as well as major individual risks or risks from natural hazards thanks to internationally operating reinsurers. In this way, Hannover Re also promotes increased insurance density in the countries of the Global South and contributes to social and financial inclusion.

A cross-departmental and interdisciplinary working group within Hannover Re addresses issues around the "protection gap" and resilience. The goal is to make insurance solutions available to population groups that previously had too little insurance protection or could only access it with difficulty (#1, #2). [MDR-P 65a] These ambitions are defined as a higher-level policy in the "Climate and Disaster Resilience Position" and are operationalised through further measures and goals. [E1-2_25a-e, E1-2_AR_16-18] The position paper thus addresses the sustainability matter of climate change adaptation. [MDR-P_65b] The position paper's scope of application extends to Hannover Re's entire property and casualty reinsurance sector. [MDR-P 65c] Implementation is coordinated by a cross-departmental working group with the support of local offices of the Hannover Re Group.

Risk and Capital Management Guideline
The risks associated with climate change affect all risk categories of Hannover Re's risk register, e.g. through changing parameters for natural catastrophe risks. They are therefore treated as part of the risk management processes within every risk category of the risk register. Adequate risk management in relation to climate change is indispensable for Hannover Re's business model and supports social adaptation to climate change (#1). At the same time, potential litigation risks (#12) as well as impacts on Hannover Re's assets and earnings position through rising losses from climate change are reduced (#3). [MDR-P_65a] The detailed rules and processes in risk management are recorded in the Risk and Capital Management Guideline (RCMG). [E1-2_25a-e, E1-2_AR_16-18] The guideline addresses the sustainability matters of climate change mitigation and climate change adaptation. [MDR-P_65b] The guideline's scope of application encompasses all activities of the Hannover Re Group. [MDR-P_65c] Responsibility for operational implementation of the guideline rests with the Chief Risk Officer of Hannover Re. A description of Hannover Re's approach to physical and transition climate change risks through NatCat modelling and scenario analyses can also be found in the section on ESRS2 SBM2 in this chapter.

Actions and resources in relation to climate change policies [E1-3]

Aside from the extensive climate change-related policies, Hannover Re does not engage in any other actions in reinsurance business that can be subsumed under the requirements of the ESRS.

This is primarily due to the fact that possible actions with the potential for carbon reduction are quantifiable to only a limited extent for methodological reasons.

Targets related to climate change mitigation and adaptation [E1-4]

[MDR-T_80a] In the context of its Environmental Strategy, Hannover Re has set itself the goal of decarbonisation in the Facultative Division. [E1-4_33] This goal will reduce carbon-intensive property and casualty reinsurance business, thereby mitigating adverse impacts on climate change (#11, #20). [MDR-T_80b, c, e] The defined target is a decrease of 20% in the number of facultative reinsurance treaties for thermal coal risks in the period from 2024 to 2026. The baseline value for measuring progress is the number of facultative reinsurance treaties connected with thermal coal in 2023. The number of treaties cannot be specified in greater detail on competitive and confidentiality grounds.

A common understanding with global clients and increased transparency around ESG matters is needed to advance the transition and better manage the underwriting business in relation to ESG considerations. [MDR-T_80a] As another element of its Environmental Strategy, Hannover Re therefore aims to strengthen dialogue and engagement with its reinsurance clients in connection with ESG issues. [E1-4_33] By setting this target, Hannover Re increases transparency and obtains insights into its clients' sustainability efforts. The negative impact (#11) and the risk (#12) are thereby reduced. [MDR-T_80b, c, e] The target set is a dialogue with the 100 largest property and casualty reinsurance clients on ESG core issues in the period from 2024 to 2026. [MDR-T_80d] The baseline value for measuring progress refers to zero corresponding dialogues in 2023.

[MDR-T_80a] When it comes to strengthening societal resilience, Hannover Re has additionally set itself the target under its Environmental Strategy of expanding its sustainable insurance solutions designed to mitigate the impacts of climate disasters and natural catastrophes in emerging and developing countries. [E1-4_33] By stepping up collaboration with its partners, Hannover Re helps to close this protection gap and thereby reduces the negative impact (#2). [E1-4_MDR-T_80b, c, e] The target set for the period from 2024 to 2026 is to underwrite five additional programmes in property and casualty reinsurance that cover natural catastrophe risks in emerging and developing countries. [MDR-T_80d] The baseline value for measuring progress refers to an existing number of such programmes in 2023, to which five are to be added.

[MDR-T_80f, g] The three aforementioned targets on the underwriting side are based on Hannover Re's strategic assumptions and not on specific scientific insights. [MDR-T_80h] Stakeholders were not involved in setting the targets. Adherence to the set targets is continuously reviewed and the Executive Board receives half-yearly progress reports. Progress towards achieving the targets is consistent with the original planning. [MDR-T_80j] No significant change in the company's performance with regard to achievement of the targets can be discerned.

Investments

Description of the material impacts and risks in investing activities
Just as with the underwriting business, material impacts and risks related to climate change mitigation, climate change adaptation and energy were identified for investing activities, the other part of Hannover Re's core business.

Climate change mitigation
A positive influence on the fight against climate change is exerted by supporting the transition towards a carbon-neutral economy. This is done, on the one hand, by excluding certain carbon-intensive economic activities from the investment horizon (#5).

On the other hand, the fight against climate change is supported by making sustainable investments in, for example, solar and wind energy as well as e-mobility (#7).

Furthermore, the signal sent out by Hannover Re to its business partners through its clear commitment to decarbonisation of the portfolio by 2050 at the latest has a positive effect on the efforts to decarbonise the economic system that are needed globally (#6).

Consistent with this commitment, Hannover Re sees the systematic intensification of dialogue with energy- and carbon-intensive issuers as another avenue to exert a positive influence on climate change mitigation (#8).

At the same time, investments also have negative impacts on the fight against climate change when investment in carbon-intensive sectors has so far scarcely been avoidable, for example, for reasons of diversification (#9).

Climate change adaptation
A potential financial risk for Hannover Re's investments derives from declining asset values and financial market losses as a consequence of the possible materialisation of increasing physical and transition risks related to climate change (#4).

Energy
On the one hand, Hannover Re exerts a positive influence on the energy transition by financing renewable energy projects and the associated infrastructure globally (#16).

On the other hand, a negative influence can also be exerted on the energy transition if investments continue to be made in non-renewable energy sources (#18).

In addition, investment practices lacking in transparency with respect to investments in fossil and non-renewable energies can undermine sustainable investment goals and are therefore to be considered a potentially negative impact (#19).

Policies related to climate change mitigation and adaptation [E1-2]

Incorporating ESG criteria into investing activities is an important tool in the realisation of sustainable goals. In conformity with the European Commission's action plan on financing sustainable growth, capital can be reoriented towards issuers, projects or technologies that contribute to sustainable development. At the same time, issuers that violate predefined ESG criteria can be excluded. Furthermore, the ESG criteria expand the analysis of the risks associated with individual sectors or issuers, e.g. an inadequate engagement with the impacts of climate change, and hence help to improve the quality of decision making in strategic and tactical asset allocation. [MDR_P_65a] The description of the material impacts and risks addressed by the following policies is provided in the section **"Description of material impacts and risks in investing activities"**. The "three lines of defence" system is used to monitor all Hannover Re policies related to climate change mitigation and adaptation (for further information the reader is referred to the section **"Business conduct policies"**.

Responsible Investment Policy
The Hannover Re Group's sustainable investment strategy is formalised in the Responsible Investment Policy. [MDR-P_65a] It is based on a multidimensional concept, with exclusion criteria forming a key element of an integrated ESG approach. In accordance with the investment policy, Hannover Re strives for stable, fair market returns in order to be able to meet underwriting commitments and liquidity requirements at all times while preserving a balanced risk/return profile and broad diversification. [E1-2_25a-e, E1_AR_16-18] At the same time, considerable importance is

attached to the sustainability approach, incorporating environmental, social and governance aspects (ESG criteria), with special attention paid to the sustainability matters of climate change mitigation, climate change adaptation and the use of renewable energy. Since as long ago as 2012, corresponding binding guidelines have been enshrined in writing in the internal policy. The stipulations defined here have continued to evolve over the past years and include various exclusion criteria, inter alia relating to fossil fuels, that serve to reduce relevant negative impacts (#9, #18, #19) and the transition risk (#4). The exclusions also promote the transition to a low-emissions economy and hence support the positive impact (#5). Within the portfolio of assets under own management, fixed-income securities (government and semi-government bonds, corporate bonds and covered bonds [with the exception of collateralised debt obligations, CDOs]) and listed equities have been subject to such screening processes since 2012. As at the reference date of 31 December 2024, these investment classes accounted for more than 85 % of the asset portfolio. The Ten Principles of the UN Global Compact are a decisive criterion in guiding the review of the portfolio. Companies that fail to respect human rights or are complicit in human rights abuses, disregard basic labour standards or go against considerations of climate change mitigation are excluded from the investment horizon, as are companies that have come under scrutiny for the use of forced labour, child labour, discrimination or corruption, or for the development and proliferation of controversial weapons. These include anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium and white phosphorous. A corresponding cross-check is made in advance of any new investments and continuously for the existing portfolio; issuers that do not meet these ESG criteria are excluded or actively scaled back.

Further ESG exclusion criteria with specific revenue thresholds apply when it comes to fossil fuels. This affects:

- Issuers that generate 25% or more of their revenues from energy generation from shale oil / gas or oil sands extraction
- Issuers that generate 25% (since 1 January 2025: 10%) or more of their revenues from the mining of or power generation from thermal coal
- New investments in issuers that generate 25% or more of their revenues from the fossil oil business (upstream or midstream); since 1 January 2025 adjustment to sector quota management (oil and gas as well as included downstream activities)
- Issuers that generate 5% or more of their revenues from offshore oil and gas drilling within the Arctic Circle (66°34’N)

No new investments are made in issuers that exceed these thresholds. Existing investments (apart from oil upstream/midstream) are disposed of as soon as possible in light of current market conditions. On the one hand, these actions have a positive effect on climate change mitigation (#5, #6), while at the same time they reduce possible risks from the transition to a climate-neutral economy (#4) by lowering the exposure to high-risk industries through a piecemeal approach.

The best-in-class analyses, which facilitate qualitative management according to ESG criteria, similarly support climate change mitigation and promote the use of renewable energies (#7, #16). [MDR-P_65a] Further policy items include the requirement to act in accordance with the Ten Principles of the United Nations Global Compact and the orientation towards the Principles for Responsible Investment. [MDR-P_65b] The policy’s scope of application extends to both the investment decisions made by Hannover Re itself and the collaboration with external asset managers acting on behalf of Hannover Re.

The Chief Financial Officer is informed of anomalous findings from the screening process. Hannover Re’s Investment Committee and the Chief Executive Officer are also provided upon request with individual reports about the progress and implementation of the Responsible Investment Policy as well as any changes to it. [MDR-P_65c] Responsibility for operational implementation of the policy rests with the Managing Director Investment & Collateral Management. Dedicated ESG experts on the Investment Team also provide implementation support.

Medium- to long-term climate strategy for investing activities
In 2021 the Executive Board approved the medium- to long-term climate strategy for investing activities. [MDR-P 65a] It is founded on three pillars:

- Decarbonisation of the liquid investment portfolio
- Intensified efforts to engage with a range of stakeholders
- Increased investment in sustainable investments that fight climate change and/or support the United Nations Sustainable Development Goals

[E1-2_25a-e,_AR_16-18, MDR-P_65b] The climate strategy addresses the sustainability matters of climate change mitigation, climate change adaptation and the use of renewable energy and has implications for the liquid and illiquid investments held in the asset portfolio. The approach pursued is, on the one hand, to minimise the carbon burden in investing activities, thereby supporting the transition and the positive impact (#5). As a result of this striving towards decarbonisation, the negative impacts (#9, #18, #19) and identified risks are in turn correspondingly reduced (#4).

On the other hand, the climate strategy promotes the approach of increased investment in sustainable investments that fight climate change. The positive impacts are thereby supported (#7, #16).

Intensified engagement with a range of stakeholders is integrated into the climate strategy as another key pillar. The relevant processes in portfolio management support the positive impact (#8). [MDR-P_65c] Responsibility for operational implementation of the climate strategy rests with the Managing Director Investment & Collateral Management.

Actions and resources in relation to climate change policies [E1-3]

Aside from the extensive climate change-related policies, Hannover Re does not engage in any other actions in investing activities that can be subsumed under the requirements of the ESRS.

This is primarily due to the fact that possible actions with the potential for carbon reduction are quantifiable to only a limited extent for methodological reasons.

Targets related to climate change mitigation and adaptation [E1-4]

In its investing activities Hannover Re has set itself the goal of actively reducing the greenhouse gas (GHG) intensity of the liquid asset portfolio. [E1-4_34a, c, MDR-T_ 80a, b, c, d] In concrete terms, a reduction of more than 30% in the revenue-based carbon intensity in relation to corporate bonds, covered bonds and equities was targeted between 2019 and 2024 under the medium- to long-term climate strategy and the Environmental Strategy. Compared to the base intensity of 256.4 tCO_2e/EUR million from 2019, this means a reduction of roughly 76.9 tCO_2e/EUR million by 2024. It thus corresponds to an annual reduction in the intensity by on average around 7% and is thus an important part of the long-term path towards the net zero emissions targeted by 2050. Owing to the emission trend at issuers and changes in the overall portfolio, the intensity is subject to continuous fluctuation. Temporary target attainment cannot therefore be seen as permanent. The decarbonisation progress achieved since 2019 can be attributed inter alia to the following aspects:

- exclusion of new investments in business models with a high emissions intensity (e.g. thermal coal or oil sands)
- reduced exposure to the fossil fuels sector; divestment from issuers with high emission intensities
- actual reductions in the emissions intensities of individual issuers

The revenue-based carbon intensity of an investee is determined from the Scope 1 and Scope 2 emissions in tCO_2e, standardised by the revenue of a financial year in EUR million. The portfolio intensity is calculated as the market-weighted aggregation of the intensity of the portfolio holdings. In order to keep the target constant, the portfolio intensity is measured with the market value at the start date of 31 December 2019. This avoids changes in the market values of the holdings having an influence on the management of CO_2 intensity. [MDR-T_80g] The target pursued to date has not been guided by PCAF standards and is not to be considered a scientifically based target.

In order to further support the journey towards net zero emissions in investments by 2050, Hannover Re decided in the year under review to realise an expanded ambition for this decarbonisation path. The existing target is adjusted by increasing the reduction ambition by 2030 for the enterprise value including cash-based GHG intensity (EVIC-based GHG intensity) for the entirety of Scope 1 and Scope 2 emissions to 70% relative to the continued representative base year of 2019. In the context of the market development, improved comparability and increased data availability, the revenue-based emission intensities will be replaced by EVIC-based GHG intensities from the 2025 financial year onwards. The EVIC-based intensity of an undertaking is calculated from the Scope 1 and Scope 2 emissions in tCO_2e, standardised by the undertaking's EVIC in EUR million. Intensity metrics of external data providers are used for this purpose. Subsequently published data were also considered retrospectively for the base year in order to ensure the best possible coverage of the base. In addition, the target portfolio, which previously encompassed corporate bonds including covered bonds and equities, was expanded to include quasi-sovereign issuers. [E1-4_34b; AR_24] The target thus covers roughly 5.5% of Hannover Re's Scope 3.15 emissions. Hannover Re considers this to be an expansion of the already existing target. The use of the EVIC-based intensity and expansion to include additional issuers improves the informational quality and does not materially change the previously applied methodology. Reference therefore continues to be made to the base year of 2019. The calculation of the emissions relevant to the climate strategy target is analogous to the methodology described under chapter E1-6 for calculating the entire financed emissions under Scope 3.15. [MDR-T_80c] The only difference is that – unlike the PCAF calculation for debt instruments described in chapter E1-6 – the market value is used rather than the nominal value.

[E1-4_34e, MDR-T_80f] The target is based on strategic assumptions made by Hannover Re and was not externally validated. Hannover Re has not to date identified or quantified any concrete levers or actions as defined by the CSRD for achievement of its investment target. There is no direct correlation with the policies in investing activities. Assurance has not been obtained for the 1.5°-compatibility of the target and it is not based on climate scenarios. [MDR-A 80g] There is no sector-specific or cross-sector decarbonisation path. [MDR-A 80h] There are currently no plans to adopt new technologies for the achievement of emission reduction targets. Internal stakeholders were involved in setting the target through the Investment Committee. [E1-4_34c, AR_25] The baseline value used to measure progress with respect to the targets is representative, because 2019 passed off under environmentally stable general conditions and was not distorted by exceptional events or geopolitical conflicts.

[E1-4_33] The decarbonisation target serves to reduce both negative impacts on climate change (#9, ##18) and resulting transition risks in connection with the investments (#4). [E1-4_34f, E1_AR_30a-c] Relevant here are portfolio adjustments and changes that are planned in order to achieve the targeted reduction overall. [MDR-T_ 80j] Progress towards achieving the target is regularly tracked by reviewing the portfolio's emissions data.

[MDR-T_80a] Along with decarbonisation of the asset portfolio, the dialogue with issuers around ESG and climate matters ("engagement") – also part of the Environmental Strategy – is considered an important means of supporting the transition to a lower-carbon world and making global climate goals attainable. [E1-4_33] Consequently, a strategic quantitative engagement target for the intensified dialogue with issuers was approved for the current strategy cycle 2024–2026 with the aim of achieving a positive impact on climate change mitigation (#6, #8). [MDR-T_80b, c, e] The target set is dialogue on a regular basis with at least 20 issuers in Hannover Re's asset portfolio on ESG and climate matters from 2024 to the end of 2026. [MDR-A_80d] The baseline value for measuring progress "technically" references zero corresponding dialogues in 2023.

[MDR-T_80a] A further target of the Environmental Strategy is increasing investment in sustainable investments. [MDR-T_80c] The growing addition of sustainable investments to Hannover Re's asset portfolio explicitly involves investments that promote the transformation towards a resource-efficient and climate-neutral economy. They include, in particular:

- Sustainable infrastructure investments, e.g. in the renewable energy and clean transportation sectors, thereby accelerating the move away from fossil fuels through low-carbon alternatives
- Impact investments that promote particularly sustainable innovations, such as in the areas of circular economy, energy storage and energy saving
- Sustainable forest and agriculture investments

[E1-4_33, MDR-T_80a, b, d, e] An increase of at least 45% in these investments in line with the Environmental Strategy from 2024 to the end of 2026 compared to the baseline value at the end of 2023 is intended to reinforce positive impacts on both climate change mitigation (#7) and the energy transition (#16). In addition, negative impacts on the climate are materially reduced (#9).

[MDR-T_80f, g] The last two targets stated for investing activities are based on strategic assumptions made by Hannover Re and not on specific scientific insights. [E1-4_MDR-T_80h] External stakeholders were not involved in setting the targets. Adherence to the set targets is continuously reviewed and the Executive Board receives progress reports at least once a year. [MDR-T_80j] Progress towards achieving the targets is consistent with the original planning. No significant change in the company's performance with regard to achievement of the targets can be discerned.

Own operations (environmental management)

A comprehensive and consistent approach to the challenges of climate change also includes the management of environmental and climate-related impacts of an undertaking's own operations. Ensuring "environmental stewardship" is particularly conducive to the internal and external role model function and has the effect of signalling progressive decarbonisation in core business. Even though the overall impacts here are ultimately lower measured by carbon emissions, material impacts and risks related to climate change mitigation, climate change adaptation and the energy transition can also be identified in own operations.

Description of the material impacts in own operations

Climate change mitigation
A negative impact is caused in own operations if business trips by employees continue to be undertaken using non-sustainable means of transportation, such as by plane (#10).

Energy
The use of energy sources in own operations can lead to unavoidable carbon emissions and is thus potentially negative. However, the consistent procurement of green energy for all the undertaking's own and rented office premises can send a positive signal and deliver carbon savings (#13).

The acceptance of e-mobility and hence the energy transition can be advanced by promoting e-mobility in the company car fleet and by providing electricity from renewable energy sources free of charge for employee vehicles (#15).

The implementation of energy efficiency measures in the undertaking's own or rented premises can reduce total energy consumption and hence have a positive impact (#14).

Policies related to climate change mitigation and adaptation [E1-2]

Hannover Re's ESG positioning for its own operations was summarised in the global Environmental Strategy. For further minimum disclosure requirements regarding the strategy, the reader is referred to the section **"Transition plan for climate change mitigation"**. A focus of the Environmental Strategy for own operations is on reducing carbon emissions stemming in particular from the supply of electricity and heat to the company's premises. Since as long ago as 2012 Hannover Re has purchased electricity from renewable energy at the Hannover location. The purchasing of electricity from renewable energy was rolled out to all office locations worldwide in the year under review. In view of the sustainable electricity and heat supplied to office premises, the positive impacts (#13, #14) are supported. Furthermore, Hannover Re's company car fleet is also addressed by the Environmental Strategy. Sustainable mobility has been encouraged since 2019. To this end, Hannover Re makes electricity available to employees to recharge their electric vehicles at no cost. This promotes a positive impact (#15). [MDR-P_65a] The description of the material impacts in own operations addressed by the Environmental Strategy is provided in the section **"Description of material impacts in own operations"**

Actions and resources in relation to climate change policies [E1-3]

Aside from the extensive climate change-related policies, Hannover Re does not engage in any other actions in own operations that can be subsumed under the requirements of the ESRS because the action fields described in the policy relating to the sustainable supply of energy to own operations and the electrification of the vehicle fleet were defined and reported as targets (see E1-4).

Targets related to climate change mitigation and adaptation [E1-4]

[E1-4_33, MDR-T_80a] By setting targets under the Environmental Strategy, Hannover Re strives to further advance decarbonisation in its own operations.

[E1-4_33, MDR-T_80b,c,e] For the 2024 reporting year, therefore, it has set itself the goal of purchasing 100% green electricity (in kWh) globally for the Hannover Re Group, thereby enhancing the positive impacts (#13, #14). [MDR_T_80d] The use of electricity from renewable energy for the Group in the 2023 base year stood at 67%. The target was achieved in the year under review. [MDR-T_80j] Electricity will continue to be purchased from renewable energy in subsequent years.

[MDR-T_80a, b, c, e] As far as the opportunity to lease a company car is concerned, a further goal of the Environmental Strategy is to achieve complete electrification of the company car fleet at the Hannover location by 2030. [E1-4_33] The target promotes the positive impact of encouraging acceptance of e-mobility and the energy transition (#15). [MDR_T_80d] The proportion of electrically powered vehicles in the 2023 baseline year stood at 9%. [MDR-T_80j] Progress towards achieving the target is consistent so far with the original planning.

[MDR-T_80f, g] The two targets in own operations are based on Hannover Re's strategic assumptions and not on specific scientific insights. [MDR-T_80h] Stakeholders were not involved in setting the targets. [MDR-T_80j] Adherence to the set targets is continuously reviewed and the Executive Board receives half-yearly progress reports. No significant change in the company's performance with regard to achievement of the targets can be discerned.

Metrics

[MDR-M_77a] The metrics in the following sections E1-5, E1-6 and E1-7 are based on various collection methods. For metrics that can be allocated to own operations, primary data are used where possible in the form of electricity, heating or fuel bills as well as additional information from service providers supplied by all consolidated entities of Hannover Re in a standardised process with appropriate controls. Consolidation and further processing are handled centrally by an expert team at the Hannover location. Due to internal quality assurance processes, the information in the year under review was surveyed at the reference date of 31 October 2024 and the last two months of the year were extrapolated. Hannover Re takes own operations to mean the operation of office space and buildings in which its own employees work for Hannover Re as well as the operation of the associated infrastructure. Affiliated, non-consolidated undertakings are also covered by this definition. On grounds of immateriality, extrapolations and assumptions based on average intensities per employee of the consolidated group are used to calculate the metrics for these undertakings. Unlike own operations, the metrics also include energy consumption data (E1-5) as well as Scope 1 and 2 emissions (E1-6) from fully consolidated investments such as investment property. These figures are based primarily on averages and estimates and hence limited in their informational value and reliability. Further emissions from investments are reported in Scope 3.15. The determination of all Scope 3 categories is also described in detail under subsection AR_46h. Metrics specified under E1-7 are based on specifically purchased GHG certificates from an external service provider. [MDR-M_77b] None of the metrics specified under E1-5, E-6 and E1-7 have been validated by an external body other than that responsible for quality assurance.

Energy consumption and mix [E1-5]

Energy consumption and mix	2023	2024
Total fossil energy consumption (MWh)	—	**39,467.2**
Fuel consumption from coal and coal products (MWh)	—	—
thereof stemming of own operations (MWh)	—	—
Fuel consumption from crude oil and petroleum products (MWh)	—	1,094.6
thereof stemming of own operations (MWh)	—	1,094.6
Fuel consumption from natural gas (MWh)	—	14,852.7
thereof stemming of own operations (MWh)	—	861.7
Fuel consumption from other fossil sources (MWh)	—	—
thereof stemming of own operations (MWh)	—	—
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	—	23,519.9
thereof stemming of own operations (MWh)	—	2,205.9
Share of fossil sources in total energy consumption (in %)	—	37.5 %
Consumption from nuclear sources (MWh)	—	**—**
thereof stemming of own operations (MWh)	—	—
Share of consumption from nuclear sources in total energy consumption (in %)	—	—
Total renewable energy consumption (MWh)	—	**65,912.3**
Fuel consumption for renewable sources, including biomass (MWh)	—	—
thereof stemming of own operations (MWh)	—	—
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	—	65,848.4
thereof stemming of own operations (MWh)	—	7,303.4
Consumption of self-generated non-fuel renewable energy (MWh)	—	63.9
thereof stemming of own operations (MWh)	—	63.9
Share of renewable sources in total energy consumption (in %)	—	62.5 %
Total energy consumption (MWh)	—	**105,379.5**

[E1-5_40] Pursuant to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council, Hannover Re is active in the high climate impact sector “Real estate activities” (NACE Code section L) based on the renting out of real estate. It is not possible to report the energy intensity for activities in high climate impact sectors because the total energy consumption cannot be compared with corresponding net sales.

Scope 1,2 and 3 gross GHG emissions and total GHG emissions [E1-6]

Total GHG emissions (Scope 1-3)				Retrospective	Milestones and target years
	Base year	2023	2024	%	2025
Scope 1 GHG emissions					
Scope 1 GHG emissions (tCO_2e)	—	—	**3,456.2**	—	—
thereof stemming from own operations [1]	—	—	620.6	—	—
Scope 1 GHG emissions of consolidated accounting group (tCO_2e)	—	—	3,445.3	—	—
Scope 1 GHG emissions of non consolidated entities (tCO_2e)	—	—	10.9	—	—
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	—	—	— %	—	—
Scope 2 GHG emissions					
Location-based Scope 2 GHG emissions (tCO_2e)	—	—	**28,455.4**	—	—
thereof stemming from operations [1]	—	—	3,519.2	—	—
Location-based Scope 2 GHG emissions from consolidated accounting group (tCO_2e)	—	—	28,393.6	—	—
Location-based Scope 2 GHG emissions from non consolidated entities (tCO_2e)	—	—	61.8	—	—
Market-based Scope 2 GHG emissions (tCO_2e)	—	—	**6,044.0**	—	—
thereof stemming from operations [1]	—	—	166.8	—	—
Marked-based Scope 2 GHG emissions from consolidated accounting group (tCO_2e)	—	—	6,041.1	—	—
Marked-based Scope 2 GHG emissions from non consolidated entities (tCO_2e)	—	—	2.9	—	—
Significant Scope 3 GHG emissions					
Total gross indirect (Scope 3) GHG emissions (tCO_2e)	—	—	**25,186,282.4**	—	—
1 Purchased goods and services	—	—	117.2	—	—
2 Capital goods	—	—	1,957.2	—	—
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	—	—	176.8	—	—
4 Upstream transportation and distribution	—	—	—	—	—
5 Waste generated in operations	—	—	—	—	—
6 Business travel	—	—	5,716.4	—	—
7 Employee commuting	—	—	2,498.7	—	—
8 Upstream leased assets	—	—	—	—	—
9 Downstream transportation	—	—	—	—	—
10 Processing of sold products	—	—	—	—	—
11 Use of sold products	—	—	—	—	—
12 End-of-life treatment of sold products	—	—	—	—	—
13 Downstream leased assets	—	—	—	—	—
14 Franchises	—	—	—	—	—
15 Financial investments	—	—	25,175,816.0	—	—
Total GHG emissions					
Total GHG emissions (location-based) (tCO_2e)	—	—	**25,218,194.0**	—	—
Total GHG emissions (market-based) (tCO_2e)	—	—	**25,195,782.6**	—	—

[1] Hannover Re takes own operations to mean emissions sources arising from the operation of its own and rented office premises as well as the vehicle fleet. Further emissions in Scope 1 and 2 are caused by fully consolidated investments that cannot be reported under Scope 3.15.

[E1-6_53, 55, AR53b] The greenhouse gas intensity amounts to 956 tCO_2e per EUR million of reinsurance revenue (in relation to market- and location-based GHG emissions). Figures for reinsurance revenues are provided in the **"Consolidated statement of income"**. [MDR-M_77a] The metric is calculated by comparing the overall results of GHG accounting with the Group's reinsurance revenue under IFRS 17 (EUR 26.4 billion). The result of the GHG accounting is subject to the limitations and assumptions described below. The reinsurance revenue was taken from the audited annual financial statements of the Hannover Re Group.

[E1_AR 39b; E1_AR46h] As already described in the section **"Disclosures in relation to specific circumstances"**, Hannover Re is guided by the requirements of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) and the Partnership for Accounting in Financials (PCAF) initiative in its preparation of the greenhouse gas balance sheet. As a general principle, the accounting methodology under both standards is subject to a certain degree of inaccuracy, irrespective of the effort invested in obtaining the data used for calculation purposes. There are a number of methodological reasons for this, including for example the variability of the emission factors used. These are intended to indicate the quantity of greenhouse gases (normally measured as CO_2 equivalents) released per unit of a specific activity parameter (e.g. through burning one litre of fuel). These emission factors, which are available in varying granularity and from various external and internal providers (e.g. Defra or the International Energy Agency [IEA]), normally constitute an averaged picture of a large number of variables. Critical assumptions are made for calculation purposes if only limited data are available or in case of methodological uncertainties. Reference is therefore made to estimates or averages in the calculations for various greenhouse gas categories. [E1_AR_39b] The GHG Protocol recognises the limits of accounting and recommends regular review of the methods and emission factors to minimise uncertainty as well as transparent reporting on these methodological uncertainties and the approximation methods used. GHG accounting is to be seen as a continuous improvement process in which the primary focus should be on key emission drivers. The PCAF Standard for calculating financed emissions similarly acknowledges that the required primary data (e.g. reported CO_2 emissions of the investee undertakings or projects) are frequently unavailable and allows the use of estimates and sector averages for accounting purposes.

[E1-6_AR_45d] In the calculation of the market-based Scope 2 GHG emissions from purchased energy for own operations, Hannover Re uses various recognised instruments for sourcing green energy. A distinction is made here between office premises owned by Hannover Re and those that are leased. Green energy instruments bundled with the locally applied electricity tariff are used for the Hannover head office and the subsidiary in Ireland, while unbundled instruments under various recognised standards are used for all other international locations (e.g. IRECs, REGOs as well as US/Can RECs). In its selection of these instruments Hannover Re is guided by internal quality standards and endeavours to keep to them wherever possible. These include, for example, regional sourcing of energy generation if possible and compliance of the underlying energy generation projects with the RE100 standard. Roughly 44% of the global electricity consumption of own operations is allocable to these unbundled instruments.

[E1-6_AR_46h] Following a three-step process and in line with the GHG Protocol "Technical Guidance for Calculating Scope 3 Emissions", all activities within the upstream and downstream value chain that cause relevant emissions were identified. As a result of this analysis, the following subcategories of the GHG Protocol were considered material and included in the inventory:

- Scope 3.1: Emissions resulting from the purchase of energy-intensive cloud services are recognised under Scope 3.1. The direct emissions data of the corresponding service providers are used to calculate the emissions.
- Scope 3.2: Emissions resulting from the purchase of office equipment and IT hardware are recognised under Scope 3.2. Information about methods and assumptions is provided in the section **"Disclosures in relation to specific circumstances"**.
- Scope 3.3: Emissions arising from the upstream production of fuel and energy not already included in Scope 1 and 2 are included under Scope 3.3. Indirect emissions caused by the generation or transportation of electricity are not considered because all Hannover Re's electricity is renewably sourced and hence no further material emissions are created. The emission factors of the Defra database are used for the calculation.
- Scope 3.6: Emissions caused by the business travel of Hannover Re employees are recognised under Scope 3.6. In light of materiality considerations, only emissions from business trips by plane are reported. The emissions are calculated using the methodology of the Defra database.
- Scope 3.7: Emissions from commuting and employees working remotely are included under Scope 3.7. Information about assumptions and methodology is provided in the section **"Disclosures in relation to specific circumstances".**
- Scope 3.15: The financed greenhouse gas emissions are determined for the investment portfolio in line with the guidance issued by the Partnership for Carbon Accounting Financials (PCAF). The methodology was partially expanded to capture asset classes not currently captured by the PCAF Standard. These include sub-sovereign bonds, covered bonds and indirect investments. Even though Hannover Re endeavours to calculate the financed emissions for the most extensive possible share of the portfolio, the attainable degree of coverage is limited by the fact that the underlying methodologies have still to be fully elaborated and by the availability of reliable data. Consequently, financed emissions are not calculated for, among other things, asset-backed securities (ABS), mortgage-backed securities (MBS), cash and derivatives. The degree of coverage and the quality of data are to be continuously and systematically improved as soon as suitable methods become available.

In accordance with the underlying asset categories, the financed emissions are calculated in four main areas by weighting the financial investments with the GHG intensity of the issuer or investment:

- Corporate financing debt: This includes all debt investments in liquid and non-liquid corporate bonds as well as state-affiliated enterprises
- Corporate financing equity: This encompasses investments in listed and private equity
- Financing of real assets: This covers investments in real estate, infrastructure projects and mortgage loans
- Sovereign debt: This consists of investments in public debtors as well as supranational / sovereign issuers and other government institutions

Corporate financing debt: In the case of corporate bonds, the level of investment is calculated from the nominal value unless this approach is not appropriate for the financial instrument (as with zero bonds), in which case the market value is used. An estimation method is used for corporate financing without any available current datapoints. This draws either on prior-year data or an approximation that references the entity's sector and region. In this context, the average intensity of the respective sector in the relevant region is assigned to an entity. If the population of estimators is too small, reference is made to a global estimator for the sector concerned. It remains the case that all estimators are adjusted for upward or downward outliers.

Corporate financing equity: The level of investment for equities is calculated from the market value. Missing datapoints regarding the EVIC intensity of an entity are approximated according to the method for corporate financing debt.

Financing of real assets: Hannover Re uses the methodology for GHG accounting described in detail under PCAF Part A. These assets are also differentiated according to whether or not they are fully consolidated. Fully consolidated investments are reported as Hannover Re Scope 1 and Scope 2 emissions and not as financed emissions.

Sovereign debt: The level of investment for sovereign debt is calculated as with corporate bonds from the nominal value, unless this approach is not appropriate for the financial instrument (as with zero bonds), in which case the market value is used. In the absence of specific PCAF guidance for carbon accounting of sub-sovereign issuers (excl. state-affiliated enterprises), the methodology used for government bonds is adapted to this asset class.

The total volume of financed greenhouse gas emissions in 2024 amounted to 25.18 million tonnes of CO_2 equivalent (CO_2e) with a quality score of 3.1. The degree of coverage of the financed GHG emissions was 88.3%. The bulk of the total emissions results from the Scope 3 emissions of the investee undertakings. In this context, 14.7million tCO_2e are attributable to Scope 3 emissions from investments in corporate financing debt. A further 7.5 million tCO_2e result from Scope 1 and Scope 2 emissions in the area of sovereign debt. For methodological reasons, a considerable amount of double counting arises here in a portfolio. In addition, the direct Scope 1 and 2 emissions are driven heavily by investments in sovereign debt. If the carbon emissions and sinks from land use, land use change and forestry are included in sovereign debt, the financed emissions amount to 6.8 million tCO_2e.

[E1-6_AR_46g] The share of greenhouse gases in Scope 3 emissions determined from primary data is around 0.03%. Hannover Re interprets primary data here to mean data that are collected directly from the source without having undergone further processing. For the purpose of determining the proportion of primary data, fuel volumes, energy consumption figures and distances collected or provided by suppliers or emissions data provided directly by suppliers that verifiably originate directly from the source are recognised as primary data. Emissions calculated on a cost basis or values extrapolated on the basis of average studies are not categorised as primary data. In this context, Hannover Re also considers the data collected by issuers for the calculation of financed emissions to be secondary data because they determine such data through calculations or estimates. The low proportion of primary data can thus be attributed to the large share of financed emissions within the Scope 3 emissions. Emissions from the categories Scope 3.1, 3.3, 3.6, in particular, and to some extent from 3.2 are used as primary data.

[E1-6_AR_46i] Emissions from further activities within the upstream and downstream value chain are identified as non-material in the context of the three-step process and hence do not form part of Hannover Re's GHG balance sheet. The non-material categories of the GHG Protocol include:

- Scope 3.4: As a reinsurer, Hannover Re provides non-physical products. Consequently, no emissions are produced from the transportation and distribution of raw and other materials and products.
- Scope 3.5: As a pure financial services provider, Hannover Re only produces waste as part of everyday office work. The emissions resulting from the disposal and treatment of waste were assessed as non-material relative to the emissions from other activities of Hannover Re.
- Scope 3.8: The emissions resulting from leased premises are assigned to Scope 1 and 2. There is no other rented or leased property, plant and equipment.
- Scope 3.9: The same justification applies as for Scope 3.4.
- Scope 3.10: The same justification applies as for Scope 3.4.
- Scope 3.11: The same justification applies as for Scope 3.4.
- Scope 3.12: The same justification applies as for Scope 3.4.
- Scope 3.13: Hannover Re does not rent out or lease out any property, plant and equipment such as buildings, machinery or vehicles. Any emissions resulting from investments in real estate are recognised either in Scope 1 and 2 or in Scope 3.15.
- Scope 3.14: Since Hannover Re does not operate as a franchisor, no emissions arise in this connection.

GHG removals and GHG mitigation projects financed through carbon credits [E1-7]

[E1-7_56b, 59a, MDR-M_77a] Hannover Re purchased carbon certificates outside its value chain in an amount of 6,000 tCO_2e in the year under review. These are based on contractual agreements and retired in full in the following year. [E1-7_59b] Additional certificates planned for retirement were not acquired. The purchased carbon certificates meet at least one of the following quality standards: Verified Carbon Standard (VCS) or Gold Standard. These carbon certificates are used separately from the emissions and the emission reduction target.

They serve as voluntary offsets for 100% of the emissions caused by business travel by plane. [E1_AR_61] Various quality criteria have been defined for selection of the projects. They include, among others, ensuring that project emissions are permanently reduced and selecting projects that have additional social and environmental benefits along with the lowering of emissions. [E1_AR_62b] The carbon certificates purchased from removal projects originate from biogenic sinks.

[E1-7_56a] Hannover Re did not bring about any withdrawal and/or storage of greenhouse gases in connection with projects developed within its own activities or to which it contributed within its upstream or downstream value chain.

Carbon credits cancelled in the reporting year

	2023	2024
Total (t CO_2e)	—	6,000.0
Share from removal projects (%)	—	10.0 %
Verified Carbon Standard (in %)	—	100.0 %
Share from reduction projects (%)	—	90.0 %
Verified Carbon Standard (%)	—	50.0 %
Gold Standard (%)	—	50.0 %
Share from projects within the EU (%)	—	— %
Share of carbon credits that qualify as corresponding adjustments (%)	—	— %

Carbon credits planned to be cancelled in the future

	Amount
Total (t CO_2e)	—

Internal carbon pricing [E1-8]

Hannover Re does not use an internal carbon pricing scheme and is not currently planning to implement one.

Own Workforce – ESRS 1

Impact, risk and opportunity management

Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS 2 SBM-3]

[SMB_48a, b, c, d] In the context of the materiality assessment, the Hannover Re Group identified various material impacts, risks and opportunities related to its own workforce, which are addressed through the undertaking's policies and strategies. The impacts are not typical of a reinsurer's business model, but rather are general in nature. The material risks and opportunities do not entail any risk that they will result in a material restatement of the book values of the assets and liabilities shown in the corresponding financial statement in the next reporting period (financial year 2025).

Sustainability matter: "Working conditions"
Improved working conditions, including regulated working hours, work-life balance and various working time models as well as the payment of adequate salaries, ease the burden on the undertaking's own workforce and support their (mental) health. This positive impact contributes to employee satisfaction and fairness between employer and employee (#21, #23). This fairness can also be encouraged through appropriate employee participation. (#22).

A negative impact on the undertaking's own workforce can arise due to poor working conditions, which can lead to dissatisfaction, diminished motivation, stress, burnout and health problems in the undertaking's own workforce (#24).

Good working conditions increase employee satisfaction and employee performance, which in turn supports the undertaking's reputation and financial success. This opportunity can be material for employer attractiveness and the recruitment of qualified employees for the Hannover Re Group (#26, #27).

The competition for talent can lead to rising salary and benefit levels, which makes it more expensive to recruit and retain qualified workers and results in key positions being more difficult to fill. This can present a material financial risk for Hannover Re (#25).

Sustainability matter: "Equal treatment and opportunities for all"
In general terms, promoting diversity and ensuring equal opportunities without any form of discrimination (#29) support a positive and healthy work environment and boost employee motivation as well as attractiveness as an employer (#28). Furthermore, collaboration on mixed teams makes it possible to contribute different experiences, ways of thinking and knowledge, to blaze new trails and to optimally foster problem-solving or innovation processes. This also involves the inclusion of employees with mental and physical limitations (#31). Diverse programmes of further and advanced training can also positively impact equal opportunities for employees (#30).

If discrimination and unequal treatment are not prevented, this can result in negative impacts on employees, such as health impairments and dissatisfaction (#32). Failure to provide a range of suitable advanced and further training can also negatively impact employees' satisfaction and career opportunities (#33).

The availability of good training and development opportunities boosts Hannover Re's attractiveness for the recruitment of new talent and enhances the satisfaction of employees and their career opportunities (#34).

Further information pursuant to ESRS 2 SBM-3
[S1-SBM_13a] Systematic investment is made in support of good working conditions for employees in order to future-proof Hannover Re's business model. This includes, among other things, flexible working conditions and additional social benefits. Furthermore, equal treatment and non-discrimination are core principles of collaboration at Hannover Re.

[S1-SBM_13ai] Hannover Re's employees are an indispensable element in the implementation of the corporate strategy and business model. Particularly in the reinsurance industry, where the primary emphasis is on cooperation with institutional clients, expertise and counselling are crucial to long-term partnership-based business relationships, [S1-SBM_13aii] This is safeguarded through continuous investment in state-of-the-art instructional and training programmes and strategic alignment of the personnel strategy.

[S1-SBM_13b] The personnel work and strategy takes account of employee concerns and incorporates them into the company's own decisions through employee feedback. In this way, matters such as working conditions, key positions, culture, diversity and an environment free of discrimination are concretely addressed and shaped together.

[S1-SBM_14a] All employees of Hannover Re can be affected by potential or actual material impacts.

As a reinsurance undertaking, Hannover Re operates in a complex and technically specialised work environment and therefore employs primarily highly qualified specialists as direct employees with office tasks. Hannover Re draws on the supply of temporary workers to a very limited extent solely to bridge short-term shortages. The activity as a B2B service provider in the financial industry similarly means that there are no temporary fluctuations in the number of employees over the course of the year.

[S1-SBM_14b] Poor working conditions can result in dissatisfaction and performance restrictions in the workforce. The potential negative impacts are associated with individual incidents and can be attributable to inadequate work environments or a failure to respect the Code of Conduct and policies. These challenges are actively tackled through Hannover Re's focus on integrated training programmes, fair working conditions and accurate performance review.

[S1-SBM_14c] By putting in place comprehensive learning concepts and additional social benefits, among other things, and by involving the workforce in decision-making processes, Hannover Re creates a positive work environment and promotes the well-being of personnel.

[S1-SBM_14d] Satisfied, motivated and well-trained employees are a crucial factor in Hannover Re's success. For this reason, Hannover Re considers improved working conditions and opportunities for further and advanced training to be an important starting point for increasing satisfaction in the workforce and convincing sought-after talent on the market of Hannover Re's appeal. A potential financial risk arises if the competition for talent and the retention of employees significantly influence personnel and recruitment costs amid a growing shortage of skilled workers or if it becomes more problematic to fill key positions.

[S1-SBM_14e] The policies and transition plans to mitigate the negative impacts on the environment and bring about more environmentally friendly and climate-neutral activities do not give rise to any significant impacts on the employees and their ways of working.

[S1-SBM_14f, g] No activities have been identified within Hannover Re's workforce that entail a considerable risk in relation to forced or child labour.

[S1-SBM_15-16] Potential negative impacts on personnel such as poor working conditions or incidents of discrimination do not affect any particular group of employees. The same applies in connection with material opportunities and risks such as the promotion of working conditions. The policies, strategies and guidelines in relation to material impacts, opportunities and risks relate to the totality of all employees, irrespective of the specific activity. [MDR-P_65a] The "three lines of defence" system is used to monitor all Hannover Re policies related to its own workforce (for further information the reader is referred to the section **"Business conduct policies"**).

Policies related to own workforce [S1-1]

[S1-1_17, 19] Well-qualified and motivated employees – together with their long-term commitment to the undertaking – are one of the most important factors in Hannover Re's success. It is no longer merely the monetary side that plays into the choice of employer, but instead undertakings are increasingly called on to offer an attractive all-round package ("total rewards"). This encompasses responsible corporate governance, the realisation of sustainable development in core business, adequate and performance-based remuneration, an open corporate culture, how meaningful the work is, compatibility of career and family life, flexibility when it comes to working hours and place of work as well as other additional benefits. As a reinsurance company, Hannover Re operates in a complex and technically specialised work environment and must at the same time respond to the demands placed on companies overall in their role as employers. The new People & Culture Strategy, which was launched in the reporting year for the period 2024–2026, is explicitly intended to promote the company's appeal as an employer. Diversity, equal opportunities as well as learning & development are further core elements of the strategic orientation. As a central cross-cutting function, the department Global Human Resources extensively manages personnel matters from Hannover head office and falls within the Chief Executive Officer's scope of responsibility. Particular efforts have been made since 2023 to advance coordination and standardised process design with all personnel departments worldwide as part of the FutureHR project. Group-wide strategies, internal guidelines and policies serve to ensure that personnel work has a transparent framework and maintains a consistently high level.

Code of Conduct:
[MDR-P_65b] Hannover Re has a Code of Conduct applicable worldwide that has been published on the website in six languages. It addresses various impacts, risks and opportunities that have been identified as material. It was adopted by the Executive Board and Supervisory Board and assigned to the Compliance department's scope of responsibility. [MDR-P_65c] Ultimate responsibility for embedding and fulfilment of the policy rests with the full Executive Board of Hannover Re.

The Hannover Re Group's Code of Conduct provides employees with a framework for how they are expected to behave towards one another and for their conduct towards all internal and external stakeholders. [MDR-P_65a] It is revisited regularly and updated by the Compliance department as necessary. The Code of Conduct thus contributes to a continuous improvement in working conditions by addressing the mental and physical well-being of employees, equality and fair treatment of one another. This fosters employee satisfaction (#21). Poor working conditions, on the other hand, can exacerbate employee dissatisfaction and even cause health problems over the long term (#24). The competition for talent can lead to rising salary and recruitment costs and thus constitutes an economic risk, which is countered by the creation of a secure work environment and good working conditions (#25). These good working conditions can also enhance employee satisfaction and motivation and hence contribute to the company's financial success (#26, #27). What is more, the clear commitment to fostering diversity in the workforce is an integral part of the values addressed in the Code of Conduct. Hannover Re is dedicated to promoting inclusive and diverse togetherness to foster the satisfaction of all employees. This includes employing people with disabilities as well as their social inclusion and active participation (#28, 31). It is also expressly emphasised that no form of discrimination whatsoever is tolerated, with respectful and fair interaction with one another instead being cultivated (#29). [S1-1_20a] Respect for human rights is an integral part of Hannover Re's daily work and is underscored by the adoption of the Core Labour Standards of the International Labour Organization (ILO). [MDR-P_65d] The contents of the Code of Conduct are guided by various frameworks and (international) initiatives such as the ILO Core Labour Standards and the UN Global Compact. [S1-1_20c] Should potentially negative impacts nevertheless arise, Hannover Re takes adequate remedial actions that are tailored to the individual cases..

Employees of Hannover Re had the opportunity to contribute to the revision of the Code of Conduct. They are able to access the Code of Conduct through the internal corporate intranet and were informed about the last complete revision of the document by an e-mail from the Compliance department and through the intranet by a video message from the Executive Board. [S1-1_20b; MDR-P_65e, f] New employees are provided with the Code of Conduct as an annex to their employment contract and all employees receive training in the Code of Conduct in a rotating three-year cycle.

People & Culture Strategy 2024–2026:
[MDR-P_65b] Hannover Re refreshes its own Group-wide corporate strategy every three years. The new strategy cycle 2024–2026 was launched in the 2024 reporting year under the motto "Staying Focused. Thinking Ahead.". [MDR-P_65a] As a Business Level strategy for personnel work, the "People & Culture Strategy" addresses various material impacts, risks and opportunities identified in relation to employees. [MDR-P_65c] Responsibility for implementing the strategy rests with the Managing Director of Global Human Resources.

Stated action fields of the strategy:

- Increase employer attractiveness
- Strengthen performance culture and talent development
- Promote diversity, equal opportunities and inclusion

Work packages that help support and advance fair working conditions are defined in the first action field. Most notably, for example, the topic of "fair and competitive remuneration" as well as the development of persuasive policies for attracting and retaining talent are backed with concrete actions (#22, #23, #27).

The second action field focuses on policies for boosting employee performance and on personnel development. Employer attractiveness can be enhanced through appropriate programmes, while at the same time employees can be empowered to take on additional tasks. Investments in education, training and development support employee productivity and satisfaction over the long term (#30). If such actions are neglected, however, this can restrict employees in their performance and motivation (#33).

The third action field encompasses various approaches taken to promote diversity, equal opportunities and inclusion in the workforce with a view to creating an inviting work environment. Topics such as equal pay and increasing the number of women in leadership positions are also addressed. DE&I (Diversity, Equity & Inclusion) must also be integrated into all aspects of daily work. To this end, it is absolutely essential to establish integrated awareness among managers and staff. Promoting equal treatment strengthens the working atmosphere and contributes to a more diverse and inclusive corporate culture, into which people with disabilities are also better integrated. Discrimination and inequality, on the other hand, can adversely impact the well-being and career development opportunities of employees (#28, #31, #32).

[MDR-P_65f] Employees are informed about the strategy through the corporate intranet. In addition, they are actively able to give feedback through a number of channels.

Global Rewards Framework Policy (GRew)
SAP SuccessFactors (SF) is Hannover Re's globally oriented and future-proof Human Resources information system. Remuneration and social benefits are governed by different rules within the Hannover Re Group. The challenge is to harmonise all total rewards systems around the world and embed them in SAP SuccessFactors. This requires consistent standards that are applied at all Hannover Re entities.

For this reason, Global Human Resources drew up the Global Rewards Framework Policy (GRew) in conjunction with a job architecture applicable worldwide and rolled it out in the 2024 reporting year.

The policy serves to establish Group-wide a framework for the creation, modification and maintenance of adequate remuneration and benefit plans. [MDR-P_65a] The intention is that the remuneration system will be handled consistently across the Group, and local remuneration policies/plans are to be reviewed with this in mind. [MDR-P_65b] The only exceptions are employees of the subsidiaries Integra, Argenta and agencies belonging to the South African group. [MDR-P_65c] Ultimate responsibility for implementation of the Global Rewards Framework Policy rests with the Managing Director "Global Human Resources".

A fair and transparent remuneration structure helps Hannover Re to attract and retain the talent that is crucial for building a competitive advantage and brand value (#25). Furthermore, this ensures that employees and their families have a good livelihood, which contributes to general well-being and economic stability (#23). A uniform approach also facilitates opportunities for international, longer-term assignment of employees to various locations and subsidiaries (see also Global Assignment Policy) (#30).

Global job architecture
[MDR-P_65b] A major outcome of the "FutureHR Project" for the global harmonisation of personnel work is adoption of a concept for a consistent, Group-wide job architecture in the reporting year, which is summarised in the Hannover Re Career Guide. [MDR-P_65a] The primary objective of the global job architecture is to create transparency around career paths within the entire Hannover Re Group and thereby highlight individual career development opportunities so as to boost employer attractiveness (#34) and increase the retention of qualified specialists (#25). At the same time, Group-wide transparency promotes equal opportunities by facilitating the cross-national comparability of positions and thereby creating a fairer and more constructive work environment (#29). [MDR-P_65c] The concept is operationalised through various actions, including for example those of the Hannover Re Career Guide. Ultimate responsibility for implementation rests with the Managing Director "Global Human Resources". [MDR-P_65e] Managers and staff were informed about the roll-out through the corporate intranet and given appropriate training in workshops held around the world.

Global Assignment Policy (GAP)
With a view to promoting cross-function networking and collaboration on a global level between all Group companies, Hannover Re offers employees a wide range of options for long- and short-term deployments abroad under the catchphrase "Global Mobility". Creating a global internal job market and hence career opportunities across the entire undertaking supports the goal of attracting, retaining, fostering and developing talent as an appealing employer. Assignments facilitate in-house knowledge transfer within the Hannover Re Group. Assignments of managers particularly help to promote the connecting corporate values around the globe. Increased employee satisfaction strengthens Hannover Re's corporate reputation in the market and boosts employee retention, thereby reducing recruitment costs over the long term (#26, #27, #25). The most important concept in this regard is the "Global Assignment Policy". [MDR-P_65a] This describes standards and processes for assignments within the Group and defines consistent benefit packages and framework conditions for all types of assignments worldwide so as to enhance internal transparency and compliance within the Group and ensure equal treatment of all assigned employees. Promoting equal treatment and preventing discrimination contribute to positive employee development (#28, #30) and minimise potential negative impacts such as health impairments, that can for example be caused by stress, and limited career opportunities (#32, #33). At the same time, the development programmes increase employer attractiveness and assist with the recruitment of young talent (#34). [MDR-P_65b] The Global Assignment Policy applies to all employees worldwide. [MDR-P_65c] Ultimate responsibility for implementation rests with the Managing Director "Global Human Resources".

[MDR-P_65f] Employees of Hannover Re can access information about the Global Assignment Policy through the internal corporate intranet and were informed of its launch through a corresponding notification. [MDR-P_65e] The employee representative bodies were actively involved in adoption of the policy.

Ways of working somewhat different (Wow-sd)
The idea behind "Ways of working somewhat different" is directly related to impacts as well as opportunities and risks identified in connection with "working conditions". The concept helps to improve working conditions through the optimisation of working hours, work-life balance and the work environment. This supports the health and satisfaction of the workforce (#21) while at the same time minimising negative impacts from poor working conditions and unergonomically designed workplaces, which could lead to dissatisfaction, lower motivation or health issues among the employees (#24). A varied and comprehensively designed work environment strengthens the perception of Hannover Re as an attractive employer (#25). What is more, good working conditions enhance employee satisfaction and thus play a part in Hannover Re's long-term success (#26, #27). In a rapidly changing world of work Hannover Re aspires to respond flexibly to outside influences. The intent behind Wow-sd is to align the work environments with future requirements and foster the corporate culture. An optimal work environment is developed at the various locations for the individual office working situation (e.g. focus rooms for concentrated working), supplemented by mobile working.

[MDR-P_65a] The concept rests on three guiding principles:

- Working in a flexible and mobile work environment that is based on a desk sharing & clean desk philosophy.

- Shaping an optimal work environment for each individual work situation, supplemented by the option of mobile working, with consideration given to the needs of employees and the ways of working in the respective departments.
- The continuous development of work environments is intended to foster employee engagement, strengthen their identification with Hannover Re and encourage entrepreneurial thinking and actions.

At the Hannover head office, the concept is in the implementation phase in the reporting year, entailing extensive renovations. The entire roll-out at the Hannover location will extend over the coming years. Various international locations have already initiated steps to modernise their work environments or are planning to do so. [MDR-P_65b] All locations follow the common guiding principles underlying this concept. Operational responsibility for implementation of the concept rests with the steering committee that owns the project. [MDR-P_65f] Hannover Re employees have access to information about the concept through the internal corporate intranet and are encouraged to actively give feedback on implementation through various channels. [MDR-P_65e] The employee representative bodies were actively involved in adoption of the policy.

Human rights

[S1-1_20a] Hannover Re acknowledges its own responsibility to respect human rights and exercise due diligence in relation to these rights – this also encompasses its own workforce. A corresponding Policy Statement was published as long ago as 2021. This was adopted by the full Executive Board of Hannover Rück SE and applies to all locations and employees worldwide. It is communicated both internally and externally and subject to regular review. This review and approval process by the Executive Board will take place annually going forward. It was modified most recently in the 2024 reporting year with an eye to requirements stemming from the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and released by the Executive Board.

In its observance of human rights, Hannover Re is guided by various international standards:

- The Universal Declaration of Human Rights (UDHR)
- The International Covenant on Civil and Political Rights (ICCPR)
- The International Covenant on Economic, Social and Cultural Rights (ICESCR)
- The UN Guiding Principles on Business and Human Rights (UNGP)
- The United Nations Global Compact (UNGC)
- The Core Labour Standards of the International Labour Organization (ILO)
- The Sustainable Development Goals (SDGs)

As far as the employees are concerned, their actions are regulated by further internal documents, e.g. the Code of Conduct and internal policies relating to personnel management and data protection.

[S1-1_20b] The processes set out in S1-2 to incorporate the perspectives of the undertaking's own workers and workers' representatives can also be used by them to address and discuss human rights topics with respect to Hannover Re.

[S1-1_20c] The Human Rights Policy Statement and the Code of Conduct make explicit reference to the Speak Up system as a means to remedy impacts on human rights.

Occupational health and safety

[S1-1_23] Hannover Re does not have a uniform worldwide policy for the avoidance of occupational accidents because the activities of the employees do not entail any particular risk of work-related accidents. Nevertheless, the rapid transformation of the world of work, the need to efficiently organise working processes and a constant pressure for change can impair the health of the workforce. These impairments may lead to a reduced performance capability as well as physical or psychological disorders – and hence to direct economic impacts on the undertaking. Social impacts on the affected staff, their private sphere, their colleagues and social systems may also arise. In order to protect the health of the workforce, therefore, applicable occupational health and safety laws as well as standards relating to ergonomic workplace design are systematically observed and reviewed worldwide. Instruction in health and safety at the workplace is provided annually. In addition, wellness among staff is actively encouraged through health promotion measures such as vaccinations, sports programmes or days of action to promote physical activity and nutrition. These exist worldwide and are tailored to local standards and needs.

Aspects of workplace safety and health protection are governed in Germany by laws such as the Occupational Safety Act (AsiG), the Safety and Health at Work Act (ArbSchG), the Infection Protection Act (IfSG) and the Fire Protection Code. These apply to all employees, service providers and suppliers active in Germany. Other locations are subject to local national laws which are similarly observed. At the Hannover location (accounting for 50% of the total workforce) a Health and Safety Committee meets quarterly to discuss the latest risks, define necessary measures, coordinate activities and determine how to respond in the event of an accumulation of incidents. Employees receive annual instruction in matters of occupational safety. Hazard assessment helps to prevent accidents and work-related health hazards and ensure a safe and healthy work environment. Hazard assessment also includes exploring psychological stresses associated with work.

Discrimination

[S1-1_24a] With its Code of Conduct and People & Culture Strategy, Hannover Re has in place policies geared to preventing discrimination (including harassment), promoting equal opportunities and pursuing other avenues for encouraging diversity and inclusion.

[S1-1_24b] The following possible grounds of discrimination are expressly highlighted in the Code of Conduct: ethnic origin, gender, religion or belief, disability, age, family status and sexual orientation.

[S1-1_24c] Various political commitments also exist in relation to inclusion, including for example at Hannover head office the Act to Strengthen the Participation and Self-Determination of People with Disabilities and the Ninth Book of the German Social Code (SGB IX). In particular, these are intended to safeguard the rights of persons with disabilities.

[S1-1_24c] The Code of Conduct makes it unmistakably clear that Hannover Re does not tolerate any form of discrimination. A fair work environment free of discrimination is also a strategic requirement of the People & Culture Strategy. This is supported by specific actions and processes, such as sensitising staff and managers through training activities, awareness-raising campaigns and clearly defined channels for reporting any incidents (including anonymously if so desired). Reported incidents are tracked in the Compliance Management System, investigated and if necessary sanctioned. Complementing the work of the Employee Council, the representative body for disabled employees at the Hannover location also has special responsibility for advocating for employees with disabilities.

Processes for engaging with own workers and workers' representatives about impacts [S1-2]

[S1-2_27a] Perspectives of the employees on actual and potential impacts that affect them are incorporated into decision and strategy processes. This is done through both direct engagement and employee representation.

[S1-2_27b, e] In the strategy cycle 2024–2026 the inclusion of employee perspectives is highlighted for the first time as a non-financial factor (Employee Engagement). This underscores the importance of understanding and considering the needs and expectations of all employees for Hannover Re's future success. A central tool is the "Employee Engagement Survey" which gives all employees of the Hannover Re Group an opportunity to share feedback once a year. The employees are questioned anonymously about their work activities in this context. The annual survey is intended in particular to identify and actively support engagement drivers and thereby boost employee satisfaction. Operational responsibility for the survey rests with the Head of Learning & Development. The findings are also used to review the effectiveness of any personnel-related policies and actions.

Employee representation at Hannover Re constitutes a central process for incorporating the perspectives of the workforce. It encompasses various bodies for operational and corporate co-determination. Operational co-determination in Germany is regulated by the Works Constitution Act (BetrVG) and takes place at the Hannover location for all non-executive staff through the joint Employee Council of E+S Rückversicherung AG and Hannover Rück SE. The Employee Council has extensive rights of information, consultation and co-determination in social, personnel and business matters. The Employee Council convenes employee meetings at least once a year and is accessible to the employees, including as a body to which complaints may be addressed. Operational co-determination of all employees at the European locations is ensured through the Employee Council of Hannover Rück Societas Europeas (SE) in accordance with the Act on the Participation of Employees in a European Company (SEBG). This has information and consultation rights, meets twice a year and represents the interests of all employees for which it is responsible.

The executive staff at the Hannover location are represented by the joint Executive Committee. This operates in accordance with the Act on a Representative Body for Executive Staff (SprAuG). It cultivates an active dialogue with executive staff and represents their concerns and interests to management.

Corporate co-determination considers the participation of employees in entrepreneurial decisions around setting goals and strategies that are taken by the Executive Board. It involves the employees in key planning, steering and organisational decisions for the entire undertaking and ensures that it is possible to influence company policy – given that entrepreneurial decisions normally also affect at least indirectly the interests of employees. The three employee representatives of Hannover Rück SE are elected by the joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG as the responsible representative body and are full members of the Supervisory Board.

[S1-2_27d] The Code of Conduct and the Policy Statement on Human Rights are two global framework agreements at Hannover Re that address respect for human rights. The Code of Conduct has been approved by the Executive Board and Supervisory Board, including its employee representatives. The involvement of the employee representative bodies helps to identify the perspectives and interests of the workforce and incorporate them into the policies.

[S1-2_27e] All employees Group-wide are informed about material changes within the organisation. The supervisory boards including the employee representative bodies must be briefed about matters that could have a significant influence on the company's position. Furthermore, the joint Employee Council at the Hannover location as well as the SE Employee Council and the Economic Committee receive all relevant information in order to be able to influence operational changes in an advisory capacity. [S1_AR_24e] This also includes operational changes to reduce carbon emissions and the transition to more environmentally friendly and climate-neutral activities, which can give rise to potential impacts on employees.

[S1-2_27c] Operational responsibility for incorporating the interests of employees into company policies and strategies rests with the Managing Director Global Human Resources. [S1_AR_24d] Necessary financial resources and budgets are made available to achieve implementation.

Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]

[S1-3_32a] As an internationally operating company, Hannover Re bears responsibility in multiple ways – including for the well-being of its own workers. It goes without saying that Hannover Re respects the applicable law of all jurisdictions in which it operates, recognises it as the basis for its business activities and communicates its own moral and ethical principles clearly and actively. Hannover Re adopts a preventative approach when it comes to avoiding or minimising negative impacts on its employees. Effectiveness is evaluated inter alia through employee feedback, inasmuch as inadequate actions would be reflected accordingly in the responses. All employees are actively encouraged, inter alia through training activities, to disclose any grievances in the event of a negative impact.

[S1-3_32b] As part of the "Speak Up" procedure, Hannover Re actively communicates - inter alia in the intranet and in the publicly accessible Code of Conduct - about various channels through which potential violations of laws or internal policies can be reported to the company. In addition to personal contact through direct supervisors, a global network of local compliance officers is available for confidential discussions. An e-mail address and telephone number set up specially for this purpose are also designated. An online whistleblower system is available both internally and externally for anonymous tips.

[S1-3_32c, e, 33] Hannover Re thus has in place a formal grievance mechanism. All suspect cases reported in regard to the Code of Conduct as well as presumed violations of applicable laws or regulations or other damaging behaviour and risks are handled by the reporting office staff in the strictest confidentiality and investigated promptly and appropriately. Any actions to be taken are defined according to the relevant circumstances and can involve both the implementation of optimisation measures on the company level and consequences in labour law. The Code of Conduct also makes it clear that no reprisals whatsoever are tolerated against persons who make a report or submit a tip. The effectiveness of the reporting procedure is evaluated by the Compliance department.

[S1-3_32d] The Code of Conduct, which among other things defines the reporting channels as part of the Speak Up procedure, is published in multiple languages both in the intranet and the Internet in order to ensure that all employees around the world have access to this information. It also forms part of the contract in German employment contracts.

Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches [S1-4]

Hannover Re has put in place processes to quickly identify and effectively respond to actual and potential negative impacts on its own employees. Among other things, the findings of the annually conducted Employee Engagement Survey are used for this purpose. If such impacts are determined, appropriate actions are reviewed and implemented to protect the employees and avoid negative consequences. [S1-4_43] The necessary financial resources for handling and implementing the individual actions are made available in relevant budgets.

Global learning platform "MyLearning"

As part of the People & Culture Strategy, the global learning platform "MyLearning" was rolled out in the 2024 reporting year. This platform offers instruction and further training that foster continuous personal and professional growth. The action boosts learning motivation, performance capability as well as the skills and competencies of employees and sustainably increases the company's attractiveness as an employer. [MDR-A_68a] It opens up an extensive range of learning opportunities, encompassing both mandatory training in areas such as occupational safety and data protection and optional advanced training activities (#26, #27, #25, #30). The learning platform can also be used for personal growth outside working hours. [S1-4_38c]The action is intended to improve the working conditions of employees through skills-based, individual learning programmes that are relevant to the business, thereby enhancing both employee motivation and satisfaction. [S1-4_40a, b] The improved learning infrastructure strengthens employer attractiveness and the positioning as a modern employer, which can lead to more successful recruitment and retention of talent and skilled workers while at the same time moderating rising costs in this area. In this way, all employees enjoy equal access to further and advanced training measures, which can favourably impact well-being and equal opportunities within the undertaking. [S1-4_38c] At the same time, individually tailored training programmes contribute to direct improvements in job satisfaction and performance. [MDR-A_68b] The action applies to all employees worldwide and extends across all business centres and regions in which Hannover Re operates. [S1-4_38d] Use of the learning platform is monitored through a role and authorisation concept as well as reports, e.g. by establishing the number of participants in individual learning opportunities and the duration of training. [MDR-A_68c] There is no set final deadline because the learning platform is designed as a long-term tool to promote employee development.

Mobile and flexible working

Mobile working is an important element of the "Ways of Working somewhat different" (Wow-sd) world. Management and employees have regulated mobile working with a company agreement and thereby brought about flexibilisation of the working world through clear guidelines. Ergonomic furniture, appropriate technical equipment and a lump sum to cover costs for mobile working serve as the basis for bringing flexibility to both the work location and working time (#21, #24). [S1-4_38c, S1-4_40b] This enhanced flexibility is intended to improve the compatibility of professional and private life for employees through a working world that can be adjusted to fit the individual life situation. At the same time, Hannover Re is strengthening its own position in the competition for skilled workers because the availability of flexible working models is increasingly seen as an important consideration (#26, #27). [S1-4_40a, MDR-A_68a] In addition, the action facilitating mobile and flexible working is intended to help minimise the rising costs of recruiting and retaining skilled workers by boosting employee satisfaction and lowering employee turnover (#25). [MDR-A_68b] The arrangement is applicable to all employees at the Hannover location and is continuously enhanced to meet the growing requirements of employees. [MDR-A_68c] The action is ongoing because flexibilisation of the working world is to be considered a long-term process.

Hannover Re Career Guide

[MDR-A_68a, c] An important ongoing action for Group-wide operationalisation of the new job architecture concept (see S1-1) is the launch of the Hannover Re Career Guide in 2023. [MDR-A_68b] The Hannover Re Career Guide presents an overview of various globally valid career paths and levels and establishes the organisational framework for all positions within the entire Hannover Re Group based on the type of activity performed by employees. [MDR-A_68a] Pillars of the new job architecture are defined career paths, including their career levels, with the aim of creating a transparent uniform structure for career openings across national borders and thereby promoting equal opportunities and employee retention (#25, #29, #34).

[S1-4_38c] The roll-out of the global job architecture is intended to improve and advance equal treatment, which can reduce stresses on employees and strengthen daily collaboration in the workplace. [S1-4_40b] Through a consistent and transparent career structure, the goal is to increase employer attractiveness and facilitate talent acquisition. [S1-4_40a] At the same time, recruitment and retention costs are lowered because the clear career progression maps out a career plan for employees and can thus retain them on a long-term basis.

The Hannover Re Career Guide forms the basis for implementing human resources programmes and processes with a Group-wide orientation that are introduced progressively through the global HR information system. The Managing Director "Global Human Resources" is responsible for the job architecture (support, development and management, monitoring and governance) and hence for the Hannover Re Career Guide. The workshops that have been held Group-wide since 2022 to validate the consistent classification of international units in the new job architecture underwent final processing in the year under review and were completed.

Leadership Development Portfolio

[S1-4_40b] The existence of good training and development opportunities for staff and managers contributes to employer attractiveness and employee satisfaction (#34) through the continuous advancement and further development of staff and managers. [MDR-A_68a, b, c] In the year under review, therefore, as part of the "People & Culture Strategy", already existing programmes for executive development were evaluated, expanded and combined into an extensive "Leadership Development Portfolio" for all managers across the Group for ongoing implementation. In a constantly evolving business world, it is crucially important for managers to have the skills and competencies needed to successfully master current and future challenges. [MDR-A_68a] The development programmes brought together in the Leadership Development Portfolio are designed to give managers on all levels feedback on their strengths and further development, expand their leadership skills and foster the abilities of all employees throughout the organisation.

Data Exchange Platform Global Rewards

Following the roll-out of the Global Rewards Framework Policy, Global Human Resources set up a data exchange platform for Group-wide collaboration across all HR departments. The platform is used, in the first place, for providing information on all matters relating to the total rewards, job architecture and reporting, and, secondly, for the exchange of external benchmark results and for the already initiated harmonisation of local bonus systems. The local Compensation Committees, which have been set up

Group-wide, use standardised templates for better Group-wide data transparency. They meet twice yearly to coordinate and decide on remuneration matters with local management, Global Human Resources (GHR) and the responsible member of the Executive Board (#21, #22, #24, #28, #32). [S1-4_38c, MDR-A_68a] This action makes it possible to align the bases for remuneration within the Group and thereby work towards the equal treatment of employees. [S1-4_38a] In this way, the intention is to prevent inequities and unequal opportunities so as to protect health and career opportunities as well as to avoid negative impacts on work results and employee wellness due to dissatisfaction and lower motivation. [MDR-A_68b] The action applies to all employees worldwide. [MDR-A_68c] No end date is envisaged for the action because the harmonisation is a multi-year process.

Metrics and targets

[MDR-M_77a] Hannover Re's personnel metrics were determined centrally by the HR controlling function at the reference date of 31 December 2024. Data is collected worldwide through an internal IT system into which all branches upload their relevant personnel data. The branch data is collated by the system and subsequently consolidated centrally with the personnel data of the Hannover location. The central IT system and standard definitions ensure that all data from the local branches is consistent and collected according to uniform standards. In this way, all metrics are based on a comparable and transparent data basis. The KPIs are calculated according to a defined, organisation-wide consistent methodology which ensures transparency, traceability and comparability of the results. The methods used can also have limitations. Due to country-specific differences in data availability and local differences in personnel processes, discrepancies in comparability may occur. One example here is the calculation of annual total remuneration, with respect to which the different wage levels in the countries where Hannover Re is active can influence the KPIs and restrict comparability of the results. Hannover Re nevertheless seeks to minimise these limitations as far as possible through standardisation of the reporting processes.

Quality assurance of all data is performed internally by the central personnel controlling team and by the respective branches and subsidiaries themselves. All metrics are checked for consistency and accuracy. [MDR-M_77b] Other external bodies are not involved in validating the metrics. [MDR-M_77d] Local currencies are consistently translated to euro in the case of remuneration-related metrics. The option to omit the metrics S1-11, S1-12, S1-13 and S1-15 has been exercised in the first year of reporting.

Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities [S1-5]

As part of its personnel activities, Hannover Re has implemented extensive policies and actions that were set out under S1-1 and S1-4 and are regularly reviewed in the context of the strategy process. In this way, Hannover Re monitors the effectiveness of its own actions and policies for promoting employee satisfaction, health and development. For this purpose, Hannover Re uses various internal methods, including for example analyses of workshop results, sickness rates, employee turnover and employee surveys. Progress is analysed semi-annually based on these qualitative and quantitative indicators so as to ensure continuous improvement in working conditions. It was not considered necessary to set more extensive specific, measurable and results-oriented targets within the meaning of ESRS S1-5 in conjunction with ESRS 2 MDR-T and they were therefore not defined.

Characteristics of the undertaking's employees [S1-6]

Number of employees (head count) by gender

Gender	Number of employees
Male	2,010
Female	2,129
Other	—
Not reported	—
Total Employees	**4,139**

Employee head count in countries where the undertaking has at least 50 employees representing at least 10% of its total number of employees

Country	Number of employees
Germany	1,935
South Africa	527
United Kingdom	445
United States	383
Australia	222
China	153
Malaysia	150
Ireland	70
France	68
Bahrain	59
Sweden	54

Employees by contract type, broken down by gender

Female	Male	Other	Not disclosed	Total
Number of employees				
2,129	2,010	—	—	**4,139**
Number of permanent employees				
1,901	1,832	—	—	**3,733**
Number of temporary employees				
224	177	—	—	**401**
Number of non-guaranteed hours employees				
4	1	—	—	**5**
Number of full-time employees				
1,739	1,901	—	—	**3,640**
Number of part-time employees				
390	109	—	—	**499**

Employees by contract type, broken down by region

Europe	Americas	Africa	Asia	Australia	Total
Number of employees					
2,572	411	527	407	222	4,139
Number of permanent employees					
2,357	383	496	310	187	3,733
Number of temporary employees					
215	28	28	95	35	401
Number of non-guaranteed hours employees					
—	—	3	2	—	5
Number of full-time employees					
2,106	404	517	406	207	3,640
Number of part-time employees					
466	7	10	1	15	499

The employee turnover rate at Hannover Re in 2024 was 8.9%. Altogether, 360 employees left the company for a range of different reasons, including those who left voluntarily or due to dismissal, age-related exits, termination arrangements by mutual agreement and the end of temporary contracts. The calculation of the employee turnover rate is based on all work-related exits.

[S1-6_50di, dii; MDR-M_77a] As a general principle, all quantitative information on the characteristics of the employees refers to the head count. A broad definition under the ESRS is followed in this context, and each person with an employment contract with one of the Hannover Re companies is included in the head count. The nine members of the Executive Board of the Hannover Re Group do not fall under the definition of employees. In compiling the information, Hannover Re uses the figures reported by all operational units at the reference date of 31 December 2024.

Collective bargaining coverage and social dialogue [S1-8]

Coverage rate of collective bargaining and social dialogue

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees - EEA	Employees - Non-EEA	Workplace representation
0–19%	Ireland	Americas, Africa, Asia, Australia, United Kingdom	—
20–39%	—	—	—
40–59%	—	—	—
60–79%	—	—	—
80–100%	Germany, France, Sweden	—	Germany, France, Ireland, Sweden

The total percentage of employees covered by collective bargaining agreements in the 2024 reporting year is 47.1 %. [MDR-M_77a] Various collective bargaining agreements apply in the European Economic Area. In Germany, France and Sweden all non-executive staff are covered by local collective bargaining agreements.

[S1-8_63b] The employee-employer relationship for the workforce at the European locations is regulated in the Act on the Participation of Employees in a European Company (SEBG), in the Statute of Hannover Rück SE and in the "Agreement on the Participation of Employees in Hannover Rück SE". The agreement applies to all employees of Hannover Re and the subsidiaries based within the European Union or the European Economic Area. All employees who fall under the "Agreement on the Participation of Employees in Hannover Rück SE" are represented by the SE Employee Council.

Diversity metrics [S1-9]

Breakdown of employees by age groups

Total head count	4,139
under 30	679
Percentage of employees under 30	16.4 %
between 30 and 50	2,369
Percentage of employees between 30 and 50	57.2 %
over 50	1,091
Percentage of employees over 50	26.4 %

Gender breakdown on the top management level

Total head count on the top management levels	176
Female	44
Percentage	25.0 %
Male	132
Percentage	75.0 %
Various	—
Percentage	— %
Gender not reported	—
Percentage	— %

Adequate wages [S1-10]

As a globally operating reinsurance undertaking with locations across the entire world, Hannover Re considers it very important that all employees are adequately remunerated for their work. By considering country-specific reference values or relevant collective bargaining agreements, it is ensured that the remuneration meets the requirements of the complex and specialised work environment. Consequently, all employees of Hannover Re receive pay commensurate with their work.

Remuneration metrics (pay gap and total remuneration) [S1-16]

Remuneration metrics

Gender pay gap [1]	30.0 %
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees [2]	34.6

[1] expressed as a percentage of the average pay level of male employees
[2] excluding the highest-paid individual

[MDR-M_77a] The remuneration-related metrics are based on the actual remuneration of the employees. Both fixed and variable remuneration components and fringe benefits are included and adjustments are made, e.g. due to employees joining the company during the year. The calculation of the annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees also includes the remuneration of the members of the Executive Board.

Incidents, complaints and severe human rights impacts [S1-17]

[S1-17_103a] Number of cases of discrimination including harassment reported in the reporting period: five

[S1-17_103b] Number of complaints received in the reporting period through channels in which the undertaking's employees are able to express concerns that are not already specified under [103a]: zero

[S1-17_103c] Total amount of significant fines, sanctions and compensation payments related to the incidents and complaints described above: EUR zero

[S1-17_103d] One incident involves the harassment of an employee by a business partner. Actions were taken to protect the employee. There were two cases of an employee being harassed by another employee; steps were taken under employment law in both instances. The other cases were closed without confirmation of the accusation. No financial penalties resulted.

Business conduct – ESRS G1

Impact, risk and opportunity management

Business conduct policies and corporate culture [G1-1]

Corporate culture

[G1-1_9, AR_1] The Hannover Re Group is one of the world's leading reinsurers. It transacts all lines of property & casualty and life & health reinsurance and is present worldwide with more than 4,100 staff. The claim "somewhat different" reflects a core element of the corporate culture inasmuch as it refers to a particularly customer-centric and solution-driven mindset. This is a distinguishing strategic feature.

Similarly, the purpose and values elaborated in 2019 in a bottom-up process reflect Hannover Re's robust, partnership-based corporate culture. The purpose is: Beyond risk-sharing - we team up to create opportunities. The values are: Responsibility, We Spirit and Drive.

Hannover Re's strategy cycle spans three years. The Group strategy 2024–2026 "Staying Focused. Thinking Ahead." aims for industry-leading performance in relation to profitability and earnings growth, reliable economic value creation and an attractive and increasing ordinary dividend. Another strategic target relates to Hannover Re's capital strength. In addition to these financial targets, the ambition expressed in the Group strategy also extends to strategic goals with respect to employee engagement and ecological responsibility.

Hannover Re has a Code of Conduct applicable Group-wide that is based on the undertaking's purpose and reflects its values. The Code of Conduct provides guidance on ethical behaviour and how the Hannover Re Group conducts business. It is a central element of the corporate culture.

Further training opportunities, which are aligned with the strategy, the Hannover Re Group's competence model and the purpose and values, systematically foster the professional and personal upskilling of employees. In addition, the Leadership Fundamentals reinforce a common understanding of the leadership culture within the Hannover Re Group.

The perception of the corporate culture within the workforce has been explored since 2019 on the basis of a survey conducted annually Group-wide. The survey was redesigned in 2024 with a focus on employee engagement ("employee engagement survey"). It therefore represents an evolution of the previously used Organisational Health Check (OHC). The OHC served as a tool for measuring Hannover Re's "general health", with a primary focus on the organisation, its processes and systems. The new survey is intended to reflect the perspective of employees even more closely and consider their requirements for a motivating and attractive work environment. Hannover Re's compliance culture is strengthened by activities such as the "Raise Awareness Campaign", training measures and the Speak Up system (whistleblower system), which enables employees to raise grievances – anonymously, if they so desire.

Business conduct policies

Compliance, i.e. behaviour consistent with the rules, is essential for the Hannover Re Group: a failure to comply with laws, rules and internal guidelines poses not only a legal but also a reputational risk for the Hannover Re Group that can lead to reduced demand and a loss of customers (#40, #41).

[MDR-P_65a] Hannover Re has a governance and compliance management system and adopts the "three lines of defence" approach. This is designed to identify and reduce unconscious and conscious violations and risks. The first line of defence consists of risk steering and the original risk responsibility on the department and company level. The second line of defence is made up of the core functions of risk management, actuarial and compliance. These functions are responsible for process-integrated monitoring and control. The third line of defence involves process-independent auditing by the internal audit function. The procedure for controlling all policies is defined in the "Internal Control Group Policy".

[MDR-P_65a] The Code of Conduct contains mandatory requirements relating to all relevant topics of the implemented compliance management system and describes the framework for ensuring compliance with laws, regulations and internal policies. In regard to social and ecological responsibility, the Hannover Re Group has voluntarily committed to the Ten Principles of the UN Global Compact, the Principles for Sustainable Insurance and the Principles for Responsible Investment, as mentioned in the Code of Conduct. [MDR-P_65b] The Code of Conduct applies to all value chain activities, including upstream and downstream actors. [MDR-P_65c] The Code of Conduct is assigned to the Compliance department and was adopted by the Executive Board and Supervisory Board.

[MDR-P_65a] The implemented compliance management system is described in the Compliance Group Policy. This policy sets out the structure and standards of the compliance function and regulates the responsibilities and processes related to the compliance function. [MDR-P_65c] The Chief Compliance Officer is responsible for implementation of the policy. [MDR-P_65b] The Compliance Group Policy extends to all value chain activities, including upstream and downstream actors.

Reputational risks may arise not only in connection with the undertaking's own violations but also in the event of violations of codes of conduct by business partners. Revenue losses can result from restraints on competition and blacklisting due to corruption and bribery (#40, #41). The Hannover Re Group has therefore additionally adopted a Conflict of Interest Group Policy and a Third Party Code of Conduct for vendors and suppliers.

[MDR-P_65a] The Hannover Re Group's Conflict of Interest Group Policy regulates the handling of situations in which an employee's own interests could compete with the interests of the Hannover Re Group. The policy aims for a transparent approach if conflicts of interest occur so as to ensure that they are dealt with in conformity with the law. To this end, the policy defines appropriate behaviours in the event that conflicts of interest occur. [MDR-P_65b] The policy applies to all employees of the Hannover Re Group, irrespective of position and location. [MDR-P_65c] The Chief Compliance Officer is responsible for implementation of the policy.

[MDR-P_65a] The Third Party Code of Conduct sets out the expectations of the Hannover Re Group for the actions of its suppliers and entails a commitment on the part of suppliers to comply with legal requirements as well as an undertaking to respect fair working conditions and global human rights and to take responsibility for the environment in supplier management. [MDR-P_65d] In this context, explicit reference is also made to the requirements of the International Labour Organization (ILO). The higher-level goal of the Third Party Code of Conduct is to ensure that the business partner's conduct is consistent with the values and expectations of the Hannover Re Group. The Code of Conduct applies to all suppliers who participate in a business relationship with the Hannover Re Group. Alternatively, large suppliers have the option to provide their own equivalent Code of Conduct. [MDR-P_65b] The Hannover Re Group reviews this and takes it as alternative orientation in the supplier relationship, provided it covers the main points of content of Hannover Re Group's Third Party Code of Conduct. [MDR-P_65c] Responsibility for the Third Party Code of Conduct rests with the Chief Compliance Officer.

Anticompetitive practices

[MDR-P_65a] As a reinsurance undertaking, the Hannover Re Group is in competition with other reinsurers. To prevent anticompetitive practices and encourage fair competition, (#42) the Hannover Re Group has adopted an Antitrust Law Policy in addition to the Third Party Code of Conduct and the Compliance Group Policy. This policy specifies how employees should conduct themselves in order to avoid violations of antitrust law. [MDR-P_65b] The policy applies to all employees of the Hannover Re Group, irrespective of position and location. [MDR-P_65c] This policy falls under the Chief Compliance Officer's scope of responsibility.

Responsible investments

[MDR-P_65a] The Hannover Re Group is committed to the United Nations Principles for Responsible Investment (UNPRI). Hannover Re promotes fair business conduct in its investment activities, too, by excluding investments in companies that engage in anticompetitive behaviour and by excluding investments in companies with a poor anti-corruption policy (#37). For further information the reader is referred to the section **"Responsible Investment Policy"**.

Cyber security and data protection

[MDR-P_65a] The business conducted by the Hannover Re Group is dependent on information. Consequently, Hannover Re must ensure the confidentiality, integrity and availability of information and protect it against unauthorised disclosure, manipulation, disruption, destruction or other misuse. Hannover Re is subject to litigation risks in the event of data breaches and inadequate safeguards that could facilitate illegal access. In addition, cyber attacks or the loss of sensitive information may be associated with considerable financial losses and reputational risks (#45).

In order to mitigate the risks and ensure that data of commercial customers, suppliers, business partners and its own employees is protected (#44), Hannover Re has adopted an Information Security Policy and a Group Data Protection Guideline along with the Code of Conduct and Compliance Group Policy.

The Information Security Policy defines the strategic objectives and describes the Information Security Management System (ISMS) with its organisational structure, processes, expectations for correct behaviour as well as awareness-raising and training measures. The policy reflects international regulatory requirements as well as the external standards ISO27001 and NIST-500 and best practices in the field of information and cyber security. Within the Operational Risk Management Framework of the Hannover Re Group, it addresses in particular the risk area of information security. [MDR-P_65b] The policy applies to all employees of the Hannover Re Group, irrespective of position or location, who have access to information of the Hannover Re Group that is not in the public domain. As far as external third parties are concerned, consistency with this policy is covered by corresponding contract clauses. [MDR-P_65c] Responsibility for implementation of this policy rests with the Chief Information Security Officer.

[MDR-P_65a] The Group Data Protection Guideline explains, among other things, the principles applicable to the processing of personal data set out in the General Data Protection Regulation (GDPR) as well as how they are implemented in the structures of the Hannover Re Group. Furthermore, it covers the rights of data subjects and compliance with these rights. [MDR-P_65b] This guideline applies to all EU subsidiaries, service companies, representative offices and branches of the Hannover Re Group as well as to Hannover Rück SE itself. [MDR-P_65c] Subsidiaries, service companies, representative offices and branches in non-EU countries implement the requirements of this guideline unless they conflict with local legal and regulatory requirements. Responsibility for this guideline rests with the Group Data Protection Officer. The data protection management system implemented on the basis of the Group Data Protection Guideline plays a key part in protecting the information of employees, commercial customers, suppliers and business partners (#44).

Corruption and bribery

The topic of corruption and bribery is enshrined in the Hannover Re Group's Code of Conduct, Third Party Code of Conduct, Compliance Group Policy and Conflict of Interest Group Policy, among others. Group-wide application of the Code of Conduct and the implementation of topic-based training activities serve to prevent corruption and bribery within and beyond corporate boundaries (#35).

[G1-1_10a, c] The Hannover Re Group has put in place mechanisms to support the detection, reporting and investigation of unlawful conduct or conduct that violates the Code of Conduct. The Hannover Re Group is equipped with an established Speak Up system which is described in greater detail in the Code of Conduct and the Compliance Group Policy. Should employees or persons outside the undertaking (whistleblowers) become aware of compliance breaches, harmful behaviours or risks, they have the option to report such suspicions to the Chief Compliance Officer or the Compliance department in person, by phone, by e-mail or through an online system, including anonymously if desired. A central call number and e-mail address have also been set up specifically for telephone and e-mail reporting. Furthermore, employees throughout the Group are able to obtain advice on compliance matters through an e-mail address linked to the Compliance team within the Group Legal Services department. [G1-1_10b] Every confirmed or potential breach reported to the Chief Compliance Officer, the Compliance department or a local Compliance Officer is investigated, if necessary with the additional involvement of relevant specialist departments. When it comes to conducting an investigation, unrestricted access is granted to the information needed to establish the potential breach. Any tips and the actions that were triggered are included in the annual compliance report. The compliance report is submitted to the Executive Board, the Supervisory Board and its Finance and Audit Committee.

In addition, the Hannover Re Group has adopted compliance standards consistent with the United Nations Convention against Corruption.

[G1-1_10, 11] The hallmarks of the Hannover Re Group's concept for training in business conduct within the organisation, especially in compliance matters, are as follows:

Target group: All employees of the undertaking, including new employees upon joining the Group.

Frequency: Every employee receives compliance training at least every three years. Focus training activities aimed at specific target groups addressing various compliance topics are also held within the year as needed.

[G1-1_10g] Scope: The training concept covers the subject area, content, rotating cycle, type of training and target group. Traditional communication channels such as the intranet portal are used to raise employee awareness of compliance-related topics. The Compliance department and the Chief Compliance Officer also provide information about changes in legislation that affect the employees' work. [G1-1_10h] The Hannover Re Group has identified all departments, including all local offices, as at-risk functions. This also includes the management bodies and executive staff.

Whistleblower protection
[G1-1_10c] The systematic implementation and communication of the Speak Up system facilitates the detection of fraudulent or illegal conduct or other wrongdoing, while at the same time ensuring that whistleblowers are protected. In this way, the Hannover Re Group helps to promote security and stability along its own value chain (#39, #43).The Speak Up system enables whistleblowers to report compliance breaches, harmful behaviours or risks. Additional sources of information are used to ensure that all employees are informed about the system. They include, among others, the Code of Conduct, the Group-wide intranet and training activities. Various internal and external reporting channels have been set up for submitting tips. [G1-1_10e; 11] The Hannover Re Group has put in place a process to ensure that an investigation is initiated without delay once a report has been received. Access to the various reporting channels is strictly limited for the protection of whistleblowers, and also to protect any accused employees, and only the Chief Compliance Officer as well as two other members of the Compliance team have access rights. By putting in place the Speak Up system, the Hannover Re Group has implemented the requirements of the German Whistleblower Protection Act (HinSchG).

Prevention and detection of corruption and bribery [G1-3]

[G1-3_18a] The Hannover Re Group does not tolerate any form of corruption, in particular active and passive bribery, and does not participate in transactions with a potentially criminal background. The Hannover Re Group has established a Group-wide compliance management system that is described in the Compliance Group Policy. The Compliance Management System, in the form permanently implemented in the Hannover Re Group, is based on internationally recognised standards such as ISO 37301 and IDW AsS 980. The system is geared towards protecting the undertaking against risks and breaches of laws and regulations. A central element of this system is the compliance risk. The Compliance department uses a risk matrix to assess compliance risks based on factors such as potential fines or reputational risks and their probability of occurrence. Risk-mitigating measures such as process-embedded controls, implemented work instructions or training activities, among others, are regularly reviewed in respect to their adequacy and effectiveness; additional or optimising actions are taken if necessary. If compliance incidents occur, actions are defined based on an analysis of the causes to prevent future similar incidents. The Hannover Re Group ensures that only independent employees and managers are included in investigative activities. [G1-3_18b] Compliance incidents are investigated independently of the management levels involved in such incidents. This ensures the necessary transparency and integrity. Overall responsibility for the topic of compliance rests with the Executive Board, which also has a special function as role model. In addition, operational responsibility is assigned to the Chief Compliance Officer.

Tips, which may be reported inter alia in person, over the phone, by e-mail or through the online Speak Up system, as well as actions taken by the Compliance team, are summarised annually in a compliance report and submitted to the management and supervisory bodies. The report compiled by the Chief Compliance Officer is intended to inform the Executive Board about observance of global legal requirements and internal guidelines relevant to own business activities and draw attention to a potential need for action in order to prepare decisions in the interests of lasting integrity and legal compliance. In addition, regular meetings between the Executive Board and Chief Compliance Officer are held to ensure timely reporting; these meetings can also be scheduled on an ad hoc basis. [G1-3_18c] The Chairman of the Supervisory Board maintains regular contact with the Executive Board, in particular with the Chief Executive Officer, to discuss strategic and operational topics such as the business development, risk position and compliance.

The Code of Conduct of the Hannover Re Group, which also addresses the topic of fighting corruption and bribery, can be viewed both publicly and in the intranet. All employees have access to the intranet, in which additional information on compliance topics and internal guidelines are published. Changes to internal guidelines are communicated monthly by e-mail to all employees at the Hannover location. The employees at the other locations are informed about relevant changes as needed. The undertaking also uses direct communication with individual departments for further awareness raising. Managers are similarly required to highlight relevant actions and information.

The Hannover Re Group's Third Party Code of Conduct, which is posted online in the Internet, defines expectations around the integrity and business practices of third-party service providers and sets out the undertaking's position on bribery and corruption. [G1-3_20] Potential suppliers must declare that they are in compliance with this code upon initiation of a business relationship.

[G1-3_21a] All employees of the Hannover Re Group at the Hannover location (the rhythm may vary at the local offices), including managers, receive in-person training (also Web-based training ["WBT"] at the local offices) in compliance topics every three years. The purpose of compliance training is to explain the contents of the Code of Conduct and the requirements of various policies to employees of the Hannover Re Group to enable them to act in accordance with these requirements. The training also covers the topic of "bribery and corruption", which is enshrined in the Code of Conduct. The training activities are based on a comprehensive training concept that caters to different hierarchical levels. The training measures cover the Code of Conduct with the following points of emphasis: Speak Up system, handling of invitations and gifts, fighting bribery and corruption, dealing with conflicts of interest as well as insider information, sanctions and anti-money laundering. Employees are also informed about and made aware of compliance-related topics through the intranet portal.

[G1-3_21c] The Hannover Re Group does not tolerate bribery or corruption and encourages its employees to report suspicions, including the possibility to submit reports anonymously. The entire workforce including the Executive Board is considered to be potentially at risk, with no distinction made according to the potential exposure. The percentage of functions-at-risk covered by training programmes is 77% at the reporting date. [G1-3_21b] This percentage reflects the training activities conducted by the functions-at-risk in the current cycle. The training cycle, in which a 100% training rate is targeted, considers a period of three calendar years. The Executive Board and the Supervisory Board regularly review their training needs and plan corresponding training activities, which can also include the topic of anti-corruption. The frequency of training for the Executive Board and Supervisory Board is therefore not tied to the three-year cycle for other employees and managers. New members of the Executive Board receive special training from the Compliance department on taking up their role, including raising their awareness to fraud prevention and combating financial crime. The Executive Board did not identify any need for additional compliance training in the reporting year. The purpose of compliance training for the Executive Board and Supervisory Board is to instruct this group of persons specifically in compliance with legal requirements. The Supervisory Board received external training in the reporting year.

Metrics

Incidents of corruption or bribery [G1-4]

[G1-4_24a] The number of convictions for violation of anti-corruption and anti-bribery laws in the 2024 financial year is zero. The amount of fines for violations of anti-corruption and anti-bribery laws is therefore also EUR 0.

The number of reported incidents of corruption and bribery is determined from the reports submitted through the reporting system of the Hannover Re Group, consisting of various reporting channels, insights gained from audits performed by the Internal Audit function and monitoring activities conducted by the Compliance function. [G1-4_24b] The relevance and validity of reported incidents is verified by the Compliance function. Every compliance incident is documented, categorised and assessed in accordance with a defined review process. The figures may be examined at any time by the internal audit department. External validation of these numbers was omitted in the reporting period.

The negative reporting confirms the effectiveness of the Hannover Re Group's existing mechanisms for preventing corruption and fighting bribery. For this reason, no further incident-related actions or action plans were approved in the financial year.

Opportunity and risk report

Risk report

- Hannover Re's capital resources over the course of the year are in excess of the defined threshold. The capital position is reviewed on an ongoing basis.
- Our risk management system constantly monitors newly added and changing risks and is able to respond flexibly to changes in internal and external factors.

Risk Governance

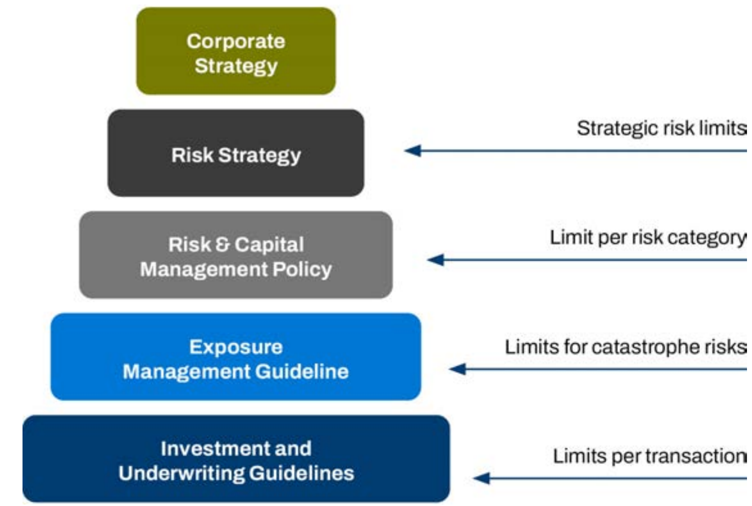
Strategic framework conditions

In the reporting year, the Group strategy entitled "Staying Focused. Thinking Ahead." was adopted for the 2024–2026 strategy cycle. Based on the foundations of sustainability and internal governance, the new strategy rests on the three pillars of focussing, growing and accelerating.

We derive our risk strategy from the Group strategy. It is the central element for our handling of risks. We review the risk strategy, the risk register and the centralised limit and threshold system as components of our risk and capital management policy at least once a year. This ensures that our risk management system is up to date.

Our solvency ratio should be at least 180%; 200% is already considered to be a threshold, which would result in countermeasures if the solvency ratio is not met. Adherence to the regulatory requirement of a solvency ratio of at least 100% is therefore also ensured. Solvency capital requirements are monitored using our internal capital model. The Executive Board is informed quarterly about adherence to the key thresholds as part of our regular risk reporting as well as on an additional basis in the case of major events or changes. In addition to the above mentioned threshold of 200%, the necessary equity resources are also influenced by the expectations of rating agencies and customers.

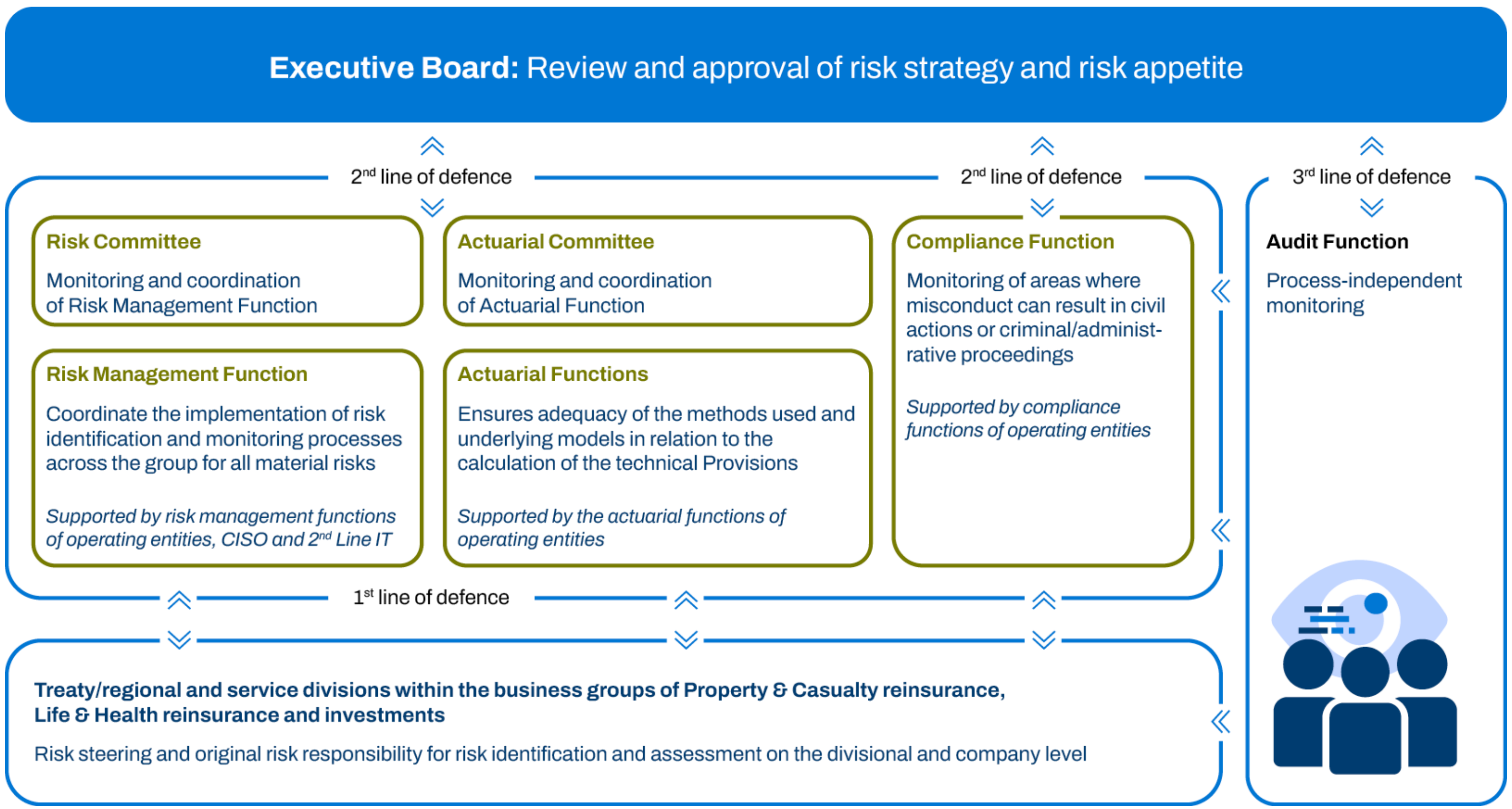
Risk management through multiple levels of limits



Organisation and processes of risk management

Hannover Re has Group-wide risk management functions to safeguard an efficient and effective risk management system. The individual elements of the risk management functions are closely interlinked and the roles, tasks and reporting channels are clearly defined and documented in terms of the so-called three lines of defence model. The first line of defence consists of the risk steering and the original risk responsibility at divisional and company level. The second line of defence is made up of the core functions risk management, the actuarial function and the compliance function. These functions are responsible for process-integrated monitoring and control. The third line of defence is the process-independent monitoring performed by the internal audit function. The following chart provides an overview of the central functions and bodies within the overall system as well as of their major tasks and powers.

Central functions of risk monitoring and steering



Group-wide risk communication and an open risk culture are central components to our risk management. Regular global meetings attended by the actuarial units and risk management functions serve as a major anchor point for strategic considerations in relation to risk communication and risk culture. In addition, risk management requirements are formulated in guidelines that are discussed and published throughout the organisation.

Key elements of our risk management system

Our Risk and Capital Management Policy, including our risk strategy and our system of limits and thresholds for material risks of the Hannover Re Group, describe the central elements of our risk management system. This is subject to a constant cycle of planning, execution, verification, and improvement. Systematic risk identification, risk analysis, risk assessment, risk steering, risk monitoring as well as risk reporting are especially crucial to the effectiveness of the overall system.

The policy is derived from the corporate strategy as well as from the risk strategy and takes into account international standards and developments in addition to the regulatory requirements for risk management.

Risk-bearing capacity concept

The establishment of the risk-bearing capacity involves determining the total available risk coverage potential and calculating the funds required to cover all risks. This is done in conformity with the parameters of the risk strategy and the risk appetite defined by the Executive Board. Individual risks and the risk position as a whole are measured using our internal capital model. A system of limits and thresholds is in place to monitor material risks. Adherence is verified on an ongoing basis.

Risk identification

The regular risk identification takes place on the basis of the documentation of all identified risks in the central risk register, which contains all material risks. Risks are identified through, among other things, interviews and scenario analyses as well as in the evaluation of new products and large transactions. External insights from associations and working groups are incorporated into the process.

Risk analysis and assessment

In principle, every risk that is identified and considered material is quantitatively assessed. Types of risks as strategic risks, reputation risks or emerging risks for which quantitative risk measurement is currently impossible or only possible with difficulty are primarily assessed qualitatively, e.g. through expert evaluations. The quantitative assessment of risks and the overall risk position is performed using Hannover Re's internal capital model. The model makes allowance for risk concentration and diversification.

Risk steering

The steering of all risks is the task of the operational business units on the divisional and company level. The identified and analysed risks are thereby either consciously accepted, avoided, increased or minimised. The risk / reward ratio is factored into the division's decision. Risk steering is assisted by the standards specified in the central and decentralised underwriting and investment guidelines, including the defined limits and thresholds.

Risk monitoring

Risk monitoring is a core function of risk management. It includes the monitoring of all identified material risks, among others, in relation to adherence to the limits and thresholds as well as monitoring execution and effectiveness of risk steering measures. Also the execution of the risk strategy is monitored.

Risk communication and risk culture

Risk management is firmly integrated into our operational processes. It is assisted by transparent risk communication and dealing openly with risks as part of our risk culture. Risk communication takes place, for example, through internal and external risk reports, in the context of committee and project work, through information on current risk complexes in the intranet and by way of training activities for staff.

Risk reporting

Our risk reporting provides systematic and timely information about all material risks and their potential implications. The central risk reporting system consists primarily of regular risk reports. Complementary to the regular risk reporting, immediate internal reporting on material risks that emerge at short notice takes place as necessary.

Process-integrated / -independent monitoring and quality assurance

The Executive Board is responsible for the orderly organisation of the company's business. This also encompasses monitoring of the internal risk steering and control system. In addition, the risk management system is regularly audited by the internal audit function. The risk management system is rounded off with process-integrated procedures and rules, such as those of the internal control system.

Internal control system

The internal control system (ICS) is an integral part of the risk management system and compiles the entirety of controls within the organisation. Particularly important controls are labelled as key controls and listed in guidelines. The ICS safeguards:

- the adherence to laws and regulations and contractual agreements as well as internal stipulations,
- the accuracy of relevant records and
- the operation within defined risk tolerance.

The core elements of Hannover Re's ICS are summarised in a guideline that sets out the framework at Group level and establishes the common understanding of (key) controls and their execution, roles and responsibilities for the stipulation of controls as well as standards for control documentation, testing and reporting. The system includes structured organisational measures, such as the principle of dual control, separation of functions and documentation, and technical measures, such as plausibility checks and access privileges in the IT systems.The proper functioning of the ICS necessitates the involvement of management, policy-, process- and control owners and employees on all levels.

In particular, financial reporting must satisfy international and national financial reporting standards as well as regulatory requirements. Completeness and accuracy of the annual and consolidated financial statements (incl. Hannover Rück SE) are to be ensured. This is safeguarded by identifying and minimising the risk of errors in the annual and consolidated financial statements at an early stage, with differentiated criteria, control points and materiality thresholds. These include:

- Accounting manual: All relevant accounting principles are collated in a Group Accounting Manual that sets out uniform Group-wide rules for the recognition, measurement and reporting of items in the consolidated financial statement. The process for updating and, if necessary, adjusting these rules is clearly regulated with respect to information channels, responsibilities and period of validity as well as prompt Group-wide notification of significant developments and modified requirements in Group financial reporting.
- Process documentation: The processes for the organisation and implementation of consolidation tasks and for the preparation of the consolidated financial statement as well as the accompanying controls are consistently documented.
- IT solution: We use a central IT solution with standardised accounting and consolidation processes, posting rules and interfaces for data delivery in order to draw up the consolidated financial statement. Data for the preparation of the consolidated financial statement is delivered using a networked IT application. The relevant data for Group financial reporting is collected in a database and processed via automatic interfaces in a consolidation system. Given that our Group financial reporting is heavily dependent on IT systems, these systems also need to be subject to controls. Content-based and system-side checks have therefore been implemented for system access. Access rights for the reporting systems are assigned through an approval process.
- Data checks: As part of the financial reporting process, we perform preventive and detective checks on the reported figures in order to minimise the probability and reduce the impacts of a potentially incorrect disclosure. Depending upon the results of our checks, these figures can be corrected if necessary.
- Affirmation: The management and Chief Financial Officers of the Group companies defined as material in our control system affirm to the Executive Board of Hannover Rück SE at each closing date the completeness, correctness and reliability of the financial data that they pass on to Group Accounting.

In order to safeguard and continuously improve the adequacy of the control system it is subject to regular review and evaluation. In this regard, the internal audit function ensures that the quality of the control system is constantly monitored.

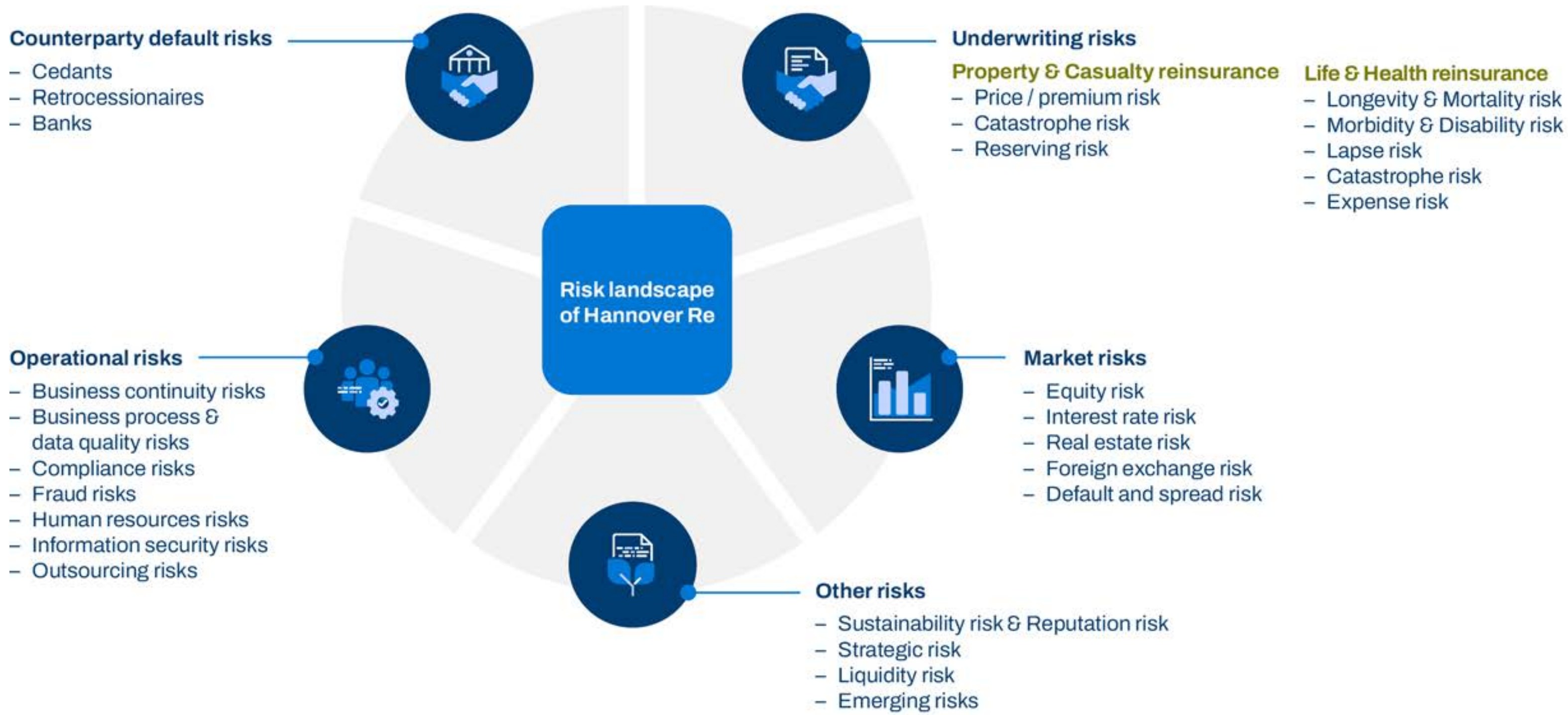
Risk landscape of Hannover Re

In the context of its business operations the Hannover Re Group is confronted with a broad variety of risks. These risks are deliberately accepted, steered, and monitored as appropriate to the actions taken on the associated opportunities. The parameters and decisions of the Executive Board with respect to the risk appetite of the Hannover Re Group, which are based on the calculations of risk-bearing capacity, are fundamental to the acceptance of risks. In this context, crucial importance attaches to our risk management in order to ensure that, among other considerations, risks to the reinsurance portfolio remain calculable and even exceptional major losses do not have an unduly adverse impact on the result.

The risk landscape of Hannover Re encompasses:

- underwriting risks in property and casualty and life and health reinsurance which originate from our business activities and manifest themselves inter alia in fluctuations in loss estimates as well as in unexpected catastrophes and changes in biometric factors such as mortality,
- market risks which arise in connection with our investments, and also as a consequence of the valuation of sometimes long-term payment obligations associated with the technical account,
- counterparty default risks resulting from our diverse business relationships and payment obligations inter alia with clients, retrocessionaires and banks,
- operational risks which may derive, for example, from deficient processes or systems, and
- sustainability risks, reputation risks, liquidity risks, strategic risks, and emerging risks.

Risk landscape of Hannover Re



Currently, our most significant individual risks are the default and spread risks within the market risks, the reserving and catastrophe risks within the underwriting risks of property and casualty reinsurance and the longevity and mortality risks within the underwriting risks of life and health reinsurance.

Geopolitics as a major external factor influencing risk management

Global geopolitical tensions intensified further in the financial year 2024 and were therefore of particular importance for our risk management.

Russia's war against Ukraine continued. The far-reaching consequences and ramifications for Europe and the world have been mitigated to some extend but are still felt. Inflation, energy prices and problems in international supply chains should be mentioned here in particular. An escalation of the conflict beyond the territory of Ukraine can still not be ruled out. This could have potentially far-reaching consequences for the geopolitical order on a global scale. As reactions on the Russian invasion, Western countries have enacted numerous sanctions against Russia. Hannover Re ensures that sanctions are not violated. The business relationship with Russian cedants therefore remains suspended.

The consequences of Donald Trump's victory in the US Presidential Elections remain difficult to assess, as the full extent of his policies and their implementation is still uncertain. In the worst-case scenario, his proposed protectionist tariff policies could set off a chain reaction of global trade conflicts, potentially disrupting international supply chains, and slowing economic growth on a global scale. The long-term impact will largely depend on how other nations respond to these measures and whether negotiations can mitigate potential tensions.

The situation in the Middle East remains volatile and carries a significant risk of escalation. The military clashes between Israel and various terrorist groups in the Gaza Strip and Lebanon are continuing and pose a risk of the conflicts escalating into a regional war. Potential consequences of such an escalation could include rising oil prices, restrictions on regional sea and air traffic, and an increased threat of terrorism in Western countries. Overall, the global risk of terrorism is considered to be elevated. Possible opportunities and risks arising from the end of the civil war in Syria following the fall of the Assad regime cannot yet be foreseen.

China's conflicts with its neighbouring states increase the risk of escalation in East and Southeast Asia. In the South China Sea and East China Sea, diverging views on maritime borders are leading to tensions. The status of Taiwan represents another point of conflict. Taiwan plays a central role in the global economy, particularly in semiconductor manufacturing. China's measures to enforce its territorial claims could have significant impacts on global supply chains.

Generally spoken, risks from armed conflicts are excluded in reinsurance treaties but may be covered under special arrangements such as for marine risks. Political risk and political violence covers, among others, are available for other risks from violent conflicts and their consequences. The risk situation for these policies is therefore elevated. Risks stemming from economic tensions can have disruptive effects on supply chains.

Risk Capital

In the interests of our shareholders and clients, we strive to ensure that our risks remain commensurate with our capital resources.

Our quantitative risk management provides a uniform framework for the evaluation and steering of the risks affecting the company as well as of our capital position. The internal capital model—a stochastic enterprise model—is a central tool in this context. It covers all subsidiaries and business groups of the Hannover Re Group. The core variable in risk and enterprise management is the economic equity, which is calculated according to market-consistent valuation principles and also constitutes the basis for calculating the own funds under Solvency II. Hannover Re's internal capital model reflects the risks that influence the development of the economic equity. These are split into underwriting risks, market risks, counterparty default risks and operational risks. For each of these risk categories we have identified a number of risk factors for which we define probability distributions. Risk factors include, for example, economic indicators such as interest rates, exchange rates and inflation indices, but also insurance-specific indicators such as the mortality of a particular age group within our portfolio of insureds in a particular country or the number of natural catastrophes in a certain region and the insured loss amount per catastrophe. The specification of the probability distributions for the risk factors draws upon historical and publicly available data, exclusive industry data and the internal data resources of the Hannover Re Group. This process is further supplemented by the know-how of internal and external experts. The fit of the probability distributions is regularly checked by our specialist departments, although more importantly it is also verified in the context of the regular, company-wide use of the capital model when assessing risks and allocating the cost of capital. The Hannover Re Group calculates the required risk capital as the Value at Risk (VaR) of the economic change in value over a period of one year with a confidence level of 99.5%. This corresponds to the requirements of Solvency II. For its capitalisation under Solvency II Hannover Re has set a limit of 180% and a threshold of 200% for the capital adequacy ratio (Solvency ratio). Both, limit and threshold are exceeded.

Own funds and required risk capital [1]

in EUR million	31.12.2023	31.12.2024
Available economic capital	19,587.0	21,667.8
Eligible own funds (Solvency II)	18,951.9	21,031.8
Solvency capital requirement/required risk capital at the confidence level 99.5%	7,032.5	8,051.0
Excess capital (Solvency II)	11,919.4	12,980.8
Solvency ratio (Solvency II)	269.5 %	261.2 %

[1] The figures are based on the Solvency II reporting as at 31 December 2024. The Solvency II balance sheet related audit procedures have still to be completed by the independent auditor. The remaining figures have not been audited.

The eligible own funds of the Hannover Re Group for regulatory purposes are lower than the available economic capital because non-controlling interests are in part treated as non-eligible under Solvency II. The available economic capital, the eligible own funds and the required risk capital include the volatility adjustment, i.e. the add-on to the risk-free yield curve envisaged in the Solvency II supervisory regime.

The own funds under Solvency II differ from shareholders' equity primarily with regard to the treatment of the contractual service margin.

Reconciliation (economic capital/shareholders' equity) [1]

in EUR million	31.12.2023	31.12.2024
Shareholders' equity including minorities	11,019.5	12,688.3
Contractual Service Margin	7,810.8	8,162.4
Other differences	-1,377.6	-1,157.6
Economic equity	**17,452.7**	**19,693.1**
Hybrid capital	3,046.6	3,095.3
Foreseeable dividends	-912.3	-1,120.6
Available economic capital	**19,587.0**	**21,667.8**

[1] The figures are based on the Solvency II reporting as at 31 December 2024. The Solvency II balance sheet related audit procedures have still to be completed by the independent auditor. The remaining figures have not been audited

Apart from the Hannover Re Group, the legal entity Hannover Rück SE is also subject to regulatory capital requirements. The solvency ratio of Hannover Rück SE is typically higher than the solvency ratio of the Hannover Re Group because there are no restrictions with regard to the use of own funds attributable to non-controlling interests.

We strive for a rating from the rating agencies most relevant to our industry that facilitates and secures our access to all reinsurance business worldwide. Hannover Re is analysed by the rating agencies Standard & Poor's (S & P) and A.M. Best as part of an interactive rating process. The current financial strength is assessed as "AA-" (Very Strong, stable outlook) by Standard & Poor's and "A+" (Superior, stable outlook) by A.M. Best. In this context both Standard & Poor's and A.M. Best consider Hannover Re's risk management to be a very important aspect in the evaluation of financial strength and rate it as very good.

Against the backdrop of the planned growth of our business in property and casualty reinsurance and selected areas of life and health reinsurance, we continuously track the impacts on our capitalisation and rating. In order to safeguard an adequate level of capitalisation and our rating, we initiate measures promptly based on forecasts. Possible measures include, among others, adjusting the structure and scope of our retrocessions, adjusting the amount of debt capital and managing business growth through risk budgets.

When it comes to aggregating the individual risks, we make allowance for dependencies between risk factors. Dependencies arise, for example, as a consequence of market shocks, such as the financial crisis, which simultaneously impact multiple market segments. What is more, several observation periods may be interrelated on account of market phenomena such as price cycles. Generally, however, it is our assumption that not all extreme events occur at the same time. The absence of complete dependency is referred to as diversification. Hannover Re's business model is based inter alia on building up the most balanced possible portfolio so as to achieve the greatest possible diversification effects and in order to deploy capital efficiently. Diversification exists between individual reinsurance treaties, lines, business segments and risks. We define the cost of capital to be generated per business unit according to the capital required by our business segments and lines and based on their contribution to diversification.

Required risk capital [1] at the confidence level of 99.5%

in EUR million	31.12.2023	31.12.2024
Underwriting risk property and casualty reinsurance	6,085.3	6,919.9
Underwriting risk life and health reinsurance	2,741.0	2,618.0
Market risk	5,244.2	6,082.6
Counterparty default risk	432.1	404.6
Operational risk	653.6	711.1
Diversification	-5,520.2	-5,656.5
Tax effects	-2,603.5	-3,028.7
Required risk capital of the Hannover Re Group	**7,032.5**	**8,051.0**

[1] This information has not been audited by the independent auditor.

The risk capital at the confidence level of 99.5% reflects the loss from the respective risk that will not be exceeded with a probability of 99.5%. The risk capital required for specific risks is shown before tax in each case.

Underwriting risks in property and casualty reinsurance

Risk management in property and casualty reinsurance has defined various overall guidelines for efficient risk steering. These include, among other things, the use of retrocessions to reduce volatility and conserve capital. Furthermore, it is important to utilize the available risk budgets based on the risk management parameters of the Hannover Re Group and to steer the acceptance of risks systematically through the existing central and local underwriting guidelines. Our conservative reserving level is a key factor in our risk management, too.

For risk steering purposes we make a fundamental distinction between risks that result from business operations of past years (reserve risk) and those stemming from activities in the current or future years (price / premium risk). Particularly in the latter case, special importance attaches to the catastrophe risk.

Diversification within the Property & Casualty reinsurance business group is actively managed through allocation of the cost of capital according to the contribution made to diversification. A high diversification effect arises out of the underwriting of business in different lines and different regions with different business partners. In addition, the active limitation of individual risks—such as natural catastrophes—enhances the diversification effect. The risk capital with a confidence level of 99.5% for underwriting risks in property and casualty reinsurance breaks down as follows:

Required risk capital [1] for underwriting risks in property and casualty reinsurance

in EUR million	31.12.2023	31.12.2024
Premium risk (including catastrophe risk)	4,405.3	5,090.5
Reserve risk	3,527.5	4,101.2
Diversification	-1,847.5	-2,271.8
Underwriting risk property and casualty	**6,085.3**	**6,919.9**

[1] Required risk capital with a confidence level of 99.5%; information not audited by the independent auditor

A large share of the required risk capital for the premium risk (including catastrophe risk) is attributable to risks from natural disasters. They constitute the main concentration risk in property and casualty reinsurance. The following table shows the required risk capital for five of our largest natural hazards scenarios. The natural catastrophe risk was increased over the course of the year, partly due to the achievable market rates, but also due to increases in the value of the insured properties as a result of general inflation.

Required risk capital [1] for five large natural hazards scenarios

in EUR million	2023	2024
Hurricane US	2,415	3,162
Earthquake US West Coast	1,721	2,256
Winter storm Europe	1,435	1,798
Earthquake Japan	1,206	1,284
Earthquake Chile	1,503	1,772

[1] Required risk capital with a confidence level of 99.5% on an aggregate annual loss basis; information not audited by the independent auditor.

The reserve risk, i.e. the risk of under-reserving of incurred or foreseeable losses and the resulting burden on the underwriting result, is a high priority in our risk management. We attach importance to maintaining a conservative reserving level. In order to counter the risk of under-reserving we calculate our loss reserves based on our own actuarial estimations and establish, where necessary, additional reserves supplementary to those posted by our cedants for reported claims. Liability claims have a major influence on the latter reserve. Reserves are calculated on a differentiated basis according to line of business and regions.

In calculating the reserves, we use actuarial methods based on run-off triangles. Run-off triangles show the changes in the reserve over time due to paid claims and the recalculation of the reserves to be established as at the respective balance sheet date. Their adequacy is monitored by the actuarial departments.

Our own actuarial calculations regarding the adequacy of the reserves are also subject to annual quality assurance reviews in the form of an external analysis.

The price / premium risk lies in the possibility of a random claims realisation that diverges from the claims expectancy on which the premium calculation was based. Regular and independent reviews of the models used for treaty quotation as well as central and local underwriting guidelines are vital management components. We have put in place a quotation process to ensure the quality of our portfolios that considers the claims expectancy including anticipated rate of inflation, anticipated costs and cost of capital (volatility).

In addition, Hannover Re's treaty departments prepare regular reports on the progress of their respective renewals. They report on, among other things, significant changes in conditions, risks (e.g. in relation to the premium level) and also on emerging market opportunities as well as the strategy pursued in order to accomplish targets. The development of the combined ratio in property and casualty reinsurance in 2024 and prior years is shown in the table below:

Development of the combined ratio

in %	Combined ratio
2015 [1]	94.4
2016 [1]	93.7
2017 [1]	99.8
2018 [1]	96.5
2019 [1]	98.2
2020 [1]	101.6
2021 [1]	97.7
2022 [2] [3]	94.5
2023 [3]	94.0
2024 [3]	**86.6**

[1] Persuant to IFRS 4
[2] Restated perstuant to IAS 8
[3] Reinsurance service result / reinsurance revenue (net)

For the purpose of assessing our material catastrophe risks from natural hazards (especially earthquake, windstorm and flood) we use licensed scientific simulation models, supplemented by the experience of our own specialist departments. The monitoring of the risks resulting from natural hazards is rounded out by scenario analyses. Major scenarios and stress tests are shown in the following table:

Stress tests for natural catastrophes after retrocessions (effect on forecast net income)

Aggregate annual loss in EUR million	2023	2024
Hurricane US		
100-year loss	-1,426	-1,854
250-year loss	-1,946	-2,510
Earthquake US West Coast		
100-year loss	-782	-1,030
250-year loss	-1,425	-1,900
Winter storm Europe		
100-year loss	-823	-988
250-year loss	-1,185	-1,467
Earthquake Japan		
100-year loss	-609	-620
250-year loss	-978	-1,053
Earthquake Chile		
100-year loss	-505	-587
250-year loss	-1,345	-1,522

As part of this process for steering risks connected with natural catastrophes, the Executive Board defines the risk appetite and the limit for natural perils once a year on the basis of the risk strategy.

Risk management considers numerous scenarios and extreme scenarios, determines their effect on portfolio and performance data, evaluates them in relation to the planned figures and identifies alternative courses of action.

For the purposes of risk limitation, maximum amounts are also stipulated for various extreme loss scenarios and return periods; the limits set take into account the profitability of the respective business. Risk management ensures adherence to these maximum amounts. The Executive Board, the Risk Committee and the P & C Executive Committee are kept regularly updated on the degree of capacity utilisation.

Net expenditure on major losses in the year under review amounted to EUR 1,629.2 million (EUR 1,620.6 million); the major loss budget for 2024 totalled EUR 1,825 million. Our company incurred the following catastrophe losses and major claims in the 2024 financial year:

Catastrophe losses and major claims [1] in 2024

in EUR million	Date	Gross	Net
Hurricane Milton / USA	7–10 October 2024	596.1	230.0
Baltimore`s Bridge / USA	26 March 2024	314.7	102.6
Flood Southeastern Europe	12–16 September 2024	206.4	193.9
Hurricane Helene / USA	24–29 September 2024	188.9	116.2
Hailstorm Calgary / Canada	5–6 August 2024	152.1	87.8
Flood Dubai	14–17 April 2024	141.2	138.0
Riots New Caledonia	13 May –6 June 2024	130.3	116.8
7 Man-made losses		112.7	108.8
Hurricane Beryl / USA	29 June–9 July 2024	93.9	73.7
Hurricane Debby / USA	5–11 August 2024	90.7	50.1
Floods Brazil	28 April–15 May 2024	85.4	85.3
Flood Southern Germany	31 May–6 June 2024	78.5	52.8
Typhoon Yagi / Vietnam, China	1–7 September 2024	38.4	38.4
Storms, Flood / USA	25 April–2 May 2024	37.2	33.7
Earthquake Taiwan	3 April 2024	36.5	36.5
Wildfire Jasper / Canada	22 July–17 August 2024	35.1	25.0
Thunderstorms USA	15–21 May 2024	35.0	27.9
Flood Spain	27 October –16 November 2024	27.9	27.9
2 Aviation losses		27.1	26.5
Earthquake Japan	2 January 2024	25.3	22.3
Storm Frieda / West Europe	10–13 July 2024	15.0	7.8
Thunderstorms USA	6–10 May 2024	14.3	8.9
Wildfires Chile	2–11 February 2024	12.4	7.6
1 Credit loss		10.7	10.7
Total		**2,505.8**	**1,629.2**

[1] Natural catastrophes and other major claims in excess of EUR 10 million gross

Current developments, in particular the following highlighted risks, are monitored by risk management and accompanied by appropriate risk prevention measures.

Climate change

In the year under review, hurricanes Milton and Helene in the USA, the floods in Southeastern Europe and Dubai as well as the hailstorm Calgary in Canada caused high losses.

Natural disasters should be viewed as inextricably linked to climate change. Climate change means that the probabilities of weather-related events occurring are changing, depending on the region and hazard. The associated impacts present a major challenge for risk management. We use both external and internal risk models for the stochastic modelling of the impacts of catastrophic events. Climate change trends are taken into account in the models. The monitoring of these risks is rounded off with scenario analyses. We are currently focussing on the dangers of storms, floods and forest fires, which are most strongly influenced by climate change in the short term.

Climate change poses a significant macroeconomic risk and has also wide-ranging implications for the (re)insurance industry. The consequences of climate change affect all areas of our business, not only in property and casualty and life and health reinsurance but also in our investing activities. At the same time, the implications of climate change represent the most significant sustainability risk for our company and are therefore closely analysed, monitored and controlled. The focus of climate change risk analysis is currently on changes in the frequency and severity of natural catastrophes (physical risks). In addition, we analyse investments (including transition risk), biometric factors and liability contracts in relation to risks from climate change (litigation risk). The climate-related dislocation of infectious diseases and their vectors to global zones where they were previously unknown also poses a risk for life and health reinsurance.

Physical risks affect us as a risk carrier primarily in property and casualty reinsurance, but also indirectly in life and health reinsurance. Changes in climate and weather events can, for example, cause higher and more frequent losses in property and casualty reinsurance as well as elevated numbers of deaths among the insured groups of persons, which in turn is associated with significant financial risks. Many forecasts in this connection are subject to uncertainty, especially if they refer to periods further in the future. In order to assess the possible consequences and set up measures, we have developed scenarios designed to enable us to evaluate the essential physical and transitional implications of climate change for our business activity. Various natural catastrophe scenarios are modelled, such as floods, hailstorms and tropical cyclones. Our interdisciplinary team for natural hazard modelling takes account of the insights gained in pricing for reinsurance solutions and in risk management, among other things, in determining the major loss budget. In addition, we conduct internal studies and explore the issue in international working groups so as to assess the risks posed by climate change. Currently, we primarily look at two scenarios (rise in temperature of 2°C or 4°C until 2050), under which we focus on the windstorm, flood and wildfire perils in the context of physical risks. The results of the analyses are presented to the Risk Committee and included in the annual Own Risk and Solvency Assessment.

The economic transformation and the transition to a world largely free of greenhouse gas emissions also entails (transition) risks due to failed business models. For example, shares or bonds issued by companies could – gradually or abruptly – drop in value due to the failure of adopting the issuer's business model to the changing climate ("stranded assets").

In addition, ESG risks – in common with compliance risks that are generally associated with laws and regulations relating to environmental law or ESG standards – are subject to scrutiny under every New Product Process (NPP). Our Sustainability and Reputation Risk Management Guideline, which contains supplementary work instructions and definitions regarding climate change and other ESG issues, is applicable throughout the Group. Various committees and organisations similarly develop and discuss climate-related strategic goals and operational measures.

It is our expectation that over the long term (> 50 years) climate change will be material for all risk categories. Within the next five years we anticipate primarily impacts on our P&C natural catastrophe business. The annual renewal of our treaties and the price adjustments described above, as well as the ongoing annual adjustment of the major loss budget, result in short response times for price / premium risk and reserve risk.

Climate change can result in shifts that are reflected in stronger demand for reinsurance products to protect against natural catastrophes and in new business opportunities. Hannover Re offers a wide range of products that help customers to protect themselves against increased losses and damage (both in terms of frequency and severity) from natural disasters. What is more, changes in temperature extremes around the world can lead to higher rates of mortality, which in turn may trigger stronger demand for our products in life and health reinsurance.

Inflation

Inflation worldwide potentially affects multiple factors of our business activities, such as the insured values and their premium calculation, the loss reserves, the large loss budget, the investments, and the administrative expenses. We have developed measures to deal with inflation in all these respects. It should be borne in mind here that the general rise in consumer prices needs to be differentiated from the claims and cost inflation that is relevant to our company. The Hannover Re-specific claims inflation index is a blend of different regions and currencies and depends on the line of business. These include wages and salaries for liability business, construction costs for property insurance including natural hazards and medical expenses for life and health insurance.

Inflation is considered in our reserving process. Essentially, this process is based on average past inflation rates. If there are indications of a future rise in inflation, we review the need to apply loadings. This is especially important in long-tail lines as multiple underwriting years can be affected at the same time.

We monitor inflation drivers over the entire course of the business and reduce them by, among other things, taking them into account in the premium calculation, by means of index clauses and sliding-scale commissions.

To partially hedge inflation risks, Hannover Re holds securities in its portfolio whose coupon and redemption payments are inflation-linked. The bonds mentioned contribute to partial protection of these parts of the loss reserves against inflation risks.

Terrorist attacks, civil unrest, protests and strikes

Property damage and personal injury as a result of terrorist attacks, strikes, civil unrest and protests are partially covered by reinsurance contracts.

Geopolitical risks as well as political, social and socio-economic tensions and conflicts have increased worldwide over a longer period of time. Risks from terrorism, strikes and civil unrest therefore require careful assessment and management.

In markets where these risks are actively underwritten, a disciplined underwriting policy, specific pricing and precise risk assessment are essential. In order to effectively mitigate the risks and avoid uncontrolled accumulation, it is important to introduce event definitions both in terms of duration and geographical scope and to provide event limits for treaties with significant exposure.

The Hannover Re Group monitors its exposure with a defined risk appetite.

Underwriting risks in life and health reinsurance

All risks directly connected with the life or health of an insured person are referred to as biometric risks. They include in particular the miscalculation of mortality, life expectancy, morbidity and occupational disability. Biometric risks are the material risks for our company in the area of life and health reinsurance. Our goal is to strike a balance between biometric risks. Furthermore, we are exposed to lapse risks because the cash flows resulting from our reinsurance treaties are in part dependent on lapse rates among policyholders. Counterparty default risks are also material since we partly prefinance our cedants' new business acquisition costs. Furthermore, we are exposed to catastrophe risks, especially events involving a high number of fatalities in our insured portfolio such as those recorded in connection with the Covid-19 pandemic.

The reserves are determined on the basis of secure biometric actuarial bases in light of the information provided by our clients. The biometric actuarial bases used and the lapse assumptions are continuously reviewed with an eye to their adequacy and if necessary adjusted. This is done using the company's own empirical data as well as market-specific insights. Our current risk profile in life and health reinsurance is dominated by mortality and longevity risks. This is due to the fact that under some of our contracts we pay death benefits, while under others we pay survival benefits. The volume of our annuity portfolio contributes to diversification within life and health reinsurance. We calculate the diversification effect between mortality and longevity risks prudently because the contracts are normally taken out for different regions, age groups and individuals. Morbidity risks are also playing a central role. These result from a variety of products including Critical Illness and disability business. The required risk capital with a confidence level of 99.5% for underwriting risks in life and health reinsurance breaks down as follows:

Required risk capital [1] for underwriting risks in life and health reinsurance

in EUR million	31.12.2023	31.12.2024
Mortality risk [2]	1,782.2	1,778.4
Longevity risk	1,823.9	1,582.4
Morbidity and disability risk	1,337.5	1,563.6
Lapse risk	394.4	400.1
Expense risk	420.4	169.5
Diversification	-3,017.4	-2,876.0
Underwriting risk life and health	**2,741.0**	**2,618.0**

[1] Required risk capital with a confidence level of 99.5%; information not audited by the independent auditor
[2] Mortality risk incl. catastrophe risk

The monitoring of the risk exposure is complemented by regular stress tests performed with regard to selected underlying underwriting risk factors. The impact (in % of the available economic capital) is within the following ranges:

Sensitivities of the underwriting risks (impact on the available economic capital)

in %	2023	2024
Mortality +5% (excluding annuity business)	-6 to -4	-6 to -4
Morbidity +5%	-4 to -2	-4 to -2
Mortality -5% (annuity business only)	-3 to -1	-3 to -1
Lapse rate +10%	-2 to 0	-2 to 0
Costs +10%	-1 to 0	-1 to 0

Diversification is a central management tool for our company. We seek to spread risks as far as possible across different risk classes and different regions. In our pricing of reinsurance treaties we provide incentives to further increase diversification.

Through our quality assurance measures we ensure that the reserves established by ceding companies in accordance with local accounting principles satisfy all requirements with respect to the calculation methods used and assumptions made (e. g. use of mortality and morbidity tables, assumptions regarding the lapse rate). In addition, the assumptions are continuously reviewed on the basis of empirical data and modified if necessary. New business is written in all regions in compliance with underwriting guidelines applicable worldwide, which set out detailed rules governing the type, quality, level and origin of risks and how these considerations are factored into the pricing. These global guidelines are revised annually and approved by the Executive Board. Special underwriting guidelines give due consideration to the particular features of individual markets. By monitoring compliance with these underwriting guidelines we minimise the potential implications of an inability to pay or of deterioration in the financial status of cedants. Regular reviews and holistic analyses (e. g. with an eye to lapse risks) are carried out with respect to new business activities and the assumption of international portfolios. Large transactions are also examined by our risk management department. Individual actuarial reports and documentation ensure that regular scrutiny also takes place at the subsidiary level. The interest rate risk, which in the primary sector is important in life business owing to the guarantees that are given, is of only minimal relevance to our company thanks to the design of our reinsurance treaties. We have confidence in the entrepreneurial abilities of our underwriters and grant them the most extensive possible powers. In our decentralised organisation we manage risks where they arise using a consistent Group-wide approach in order to obtain an overall view of the risks in life and health reinsurance. Our global underwriting guidelines provide underwriters with an appropriate framework for this purpose.

We regularly monitor the development of our global mortality and morbidity businesses in the aftermath of the Covid-19 pandemic.

The risks arising out of life and health reinsurance are reflected in the internal capital model.

Market risks

Faced with a challenging capital market climate, particularly high importance attaches to preserving the value of assets under own management and the stability of the return. Hannover Re's portfolio is therefore guided by the principles of a balanced risk / return profile and broad diversification. Based on a risk-averse asset mix, the investments reflect both the currencies and durations of our liabilities. Market price risks include equity risks, interest rate risks, foreign exchange risks, real estate risks, spread and default risks. Our portfolio currently consists in large part of fixed-income securities, and hence default and spread risks account for the bulk of the market risk. We minimise interest rate and foreign exchange risks through the greatest possible matching of payments from fixed-income securities with the projected future payment obligations from our insurance contracts. Market risks derive from the investments managed by Hannover Re itself and from investment risks of ceding companies that we assume in connection with insurance contracts. The following table shows the risk capital with a confidence level of 99.5% for the market risks from investments under own and third-party management.

Required risk capital [1] for market risks

in EUR million	31.12.2023	31.12.2024
Default and spread risk	3,348.1	3,573.5
Interest rate risk	1,178.2	1,346.3
Foreign exchange risk	1,983.4	2,494.1
Equity risk [2]	1,700.5	2,062.7
Real estate risk	1,031.2	1,083.7
Diversification	-3,997.2	-4,477.7
Market risk	**5,244.2**	**6,082.6**

[1] Required risk capital with a confidence level of 99.5%; information not audited by the independent auditor
[2] Including private equity

With a view to preserving the value of our assets under own management, we constantly monitor adherence to a trigger mechanism based on a clearly defined traffic light system that is applied across all portfolios. This system defines clear thresholds and escalation channels for the cumulative fluctuations in fair value and realised gains / losses on investments since the beginning of the year. They are unambiguously defined in conformity with our risk appetite and trigger specified information and escalation channels if a corresponding fair value development is exceeded.

The discussion and analysis mechanisms predefined when the early warning system was triggered came into effect over the course of the reporting year due to interest rate and spread volatility as well as central bank activities in response to inflationary trends. In accordance with our guidelines, the potential effects on our invested asset classes and the current portfolio composition were therefore regularly discussed in the Investment Committee and brought to the attention of the Executive Board. Thanks to the broad diversification and rather conservative orientation of our investments, there was no need to change the strategic orientation of our portfolios in favour of a more defensive investment strategy during the reporting period. In addition, we had already positioned ourselves accordingly in view of expected central bank activities and inflation developments in recent years.

The short-term loss probability measured as the Value at Risk (VaR) is another vital tool used for operational monitoring and management of the market price risks associated with our securities positions. It is calculated on the basis of historical data, e. g. the volatility of the securities positions under own management and the correlation between these risks. As part of these calculations the decline in the fair value of our securities portfolio is simulated with a certain probability and within a certain period. The VaR of the Hannover Re Group determined in accordance with these principles specifies the decrease in the fair value of our securities portfolio under own management that with a probability of 95% will not be exceeded within ten trading days. A standard market model is used to calculate the VaR indicators for the Hannover Re Group. It is based on historical time series of relevant market parameters (equity prices, yield curves, spread curves and exchange rates). Against the backdrop of a very turbulent capital market and interest rate environment, volatilities – especially of fixed-income assets – again reached a high level at times in the year under review. Based on continued broad risk diversification and the orientation of our investment portfolio, our VaR was nevertheless clearly below the VaR upper limit defined in our investment guidelines. It amounted to 0.8% (1.2%) as at the end of the reporting period.

Value at Risk [1] in % for the investment portfolio of the Hannover Re Group

[1] VaR-upperlimit according to Hannover Re's investment guidelines: 2.5%

Stress tests are conducted in order to be able to map extreme scenarios as well as normal market scenarios for the purpose of calculating the Value at Risk. In this context, the loss potentials for fair values and shareholders' equity (before tax) are simulated on the basis of already occurred or notional extreme events.

Scenarios for changes in the fair value of material asset classes

in EUR million	Scenario	Portfolio change on a fair value basis	Change in equity before tax
Equity securities and private equity	Share prices -10%	-225.6	-225.6
	Share prices -20%	-451.2	-451.2
	Share prices +10%	+225.6	+225.6
	Share prices +20%	+451.2	+451.2
Fixed-income securities	Yield increase +50 basis points	-1,314.0	-1,314.0
	Yield increase +100 basis points	-2,562.8	-2,562.8
	Yield decrease -50 basis points	+1,384.6	+1,384.6
	Yield decrease -100 basis points	+2,847.0	+2,847.0
Real estate	Real estate market values -10%	-436.4	-186.5
	Real estate market values +10%	+436.4	+134.4

Further significant risk management tools – along with the various stress tests used to estimate the loss potential under extreme market conditions – include sensitivity and duration analyses and our asset / liability management (ALM). The internal capital model provides us with quantitative support for the investment strategy as well as a broad diversity of VaR calculations. In addition, tactical duration ranges are in place, within which the portfolio can be positioned opportunistically according to market expectations. The parameters for these ranges are linked to our calculated risk-bearing capacity. It should be borne in mind that the issued subordinated bonds and resulting induced interest rate exposure are actively factored into our ALM. Further information on the risk concentrations of our investments can be obtained from the tables on the rating structure of fixed-income securities as well as on the currencies in which investments are held. Please refer to our comments in the section **6. "Notes on the individual items of the balance sheet"**, subsection **6.1 "Investments"** in the notes to the consolidated financial statements.

Share price risks result from the possibility of unfavourable changes in the value of shares, equity derivatives or equity index derivatives in our portfolio. However, their relevance for our investments was very low, as we currently only have marginal holdings of equities in our portfolio. We continue to be exposed to the market for private equity. Here, changes in market value are based less on general market conditions and more on company-specific assessments. The risks primarily relate to the business model and profitability and, to a lesser extent, to the interest rate component of the cash flow forecasts. Please refer to our explanations in the section **6. "Notes on the individual items of the balance sheet"**, subsection **6.1 "Investments"** in the notes to the consolidated financial statements.

The portfolio of fixed-income securities is exposed to an interest rate risk. Declining market yields lead to increases and rising market yields to decreases in the fair value of the fixed-income securities portfolio. The credit spread risk should also be mentioned. The credit spread refers to the interest rate differential between a risk-entailing bond and risk-free bond with the same maturity. Changes in these risk premiums, which are observable on the market, result—analogously to changes in pure market yields—in changes in the fair values of the corresponding securities. We minimise interest rate risks by matching the durations of payments from fixed-income securities as closely as possible with the projected future payment obligations under our insurance contracts.

Currency risks exist in particular when there is a currency imbalance between the technical liabilities and the assets. We reduce this risk on the basis of the Group's individual balance sheets by largely matching the currency distribution between assets and liabilities on the Solvency II balance sheet. The quantification of currency risk is therefore not included in the short-term VaR. We regularly compare the liabilities and the associated capital per currency with the assets covering them and optimise currency coverage by reallocating investments. Remaining currency surpluses are systematically quantified and monitored as part of solvency and economic modelling. A detailed presentation of the currency breakdown of our investments can be found in section **6 "Notes on the individual items of the balance sheet"**, subsection **6.1 "Investments"** of the notes to the consolidated financial statements.

Property risks arise from the possibility of negative changes in the value of properties held directly or via fund units. They can be caused by a deterioration in specific property characteristics or a general decline in market value. The significance of property risks has gradually increased for us in recent years due to our ongoing involvement in this area. We spread these risks through broadly diversified investments in high-quality markets worldwide, each of which is preceded by detailed property, manager and market analyses, and we monitor developments in the markets relevant to our property portfolio very closely. Uncertainties regarding the future development of individual properties have been taken into account in the valuation as at the reporting date.

We use derivative financial instruments only to the extent needed to hedge risks. The primary purpose of such financial instruments is to hedge against potentially adverse developments on capital markets. A portion of our cash flows from the insurance business as well as foreign exchange risks arising because currency matching cannot be efficiently achieved are hedged to some extent using forward exchange transactions. Hannover Re holds further derivative financial instruments to hedge interest rate risks from loans taken out to finance real estate and to hedge inflation risks from the life reinsurance business written by our Australian branch. In addition, Hannover Re holds hedges in the form of equity swaps to hedge price risks in connection with the stock appreciation rights granted under the Share Award Plan. These are intended to neutralise changes in the fair values of the awarded stock appreciation rights. Contracts are concluded with reliable counterparties and for the most part collateralised on a daily basis so as to avoid credit risks associated with the use of such transactions. The remaining exposures are controlled according to the restrictive parameters set out in our investment guidelines.

As a supplementary instrument for liquidity management, we have been entering into temporary repurchase agreements (repo transactions) for several years. The portfolios exchanged are fully collateralised.

Some insurance derivatives linked to insurance business are also recognised under the investments due to IFRS financial reporting requirements. For a more detailed presentation of the underlying underwriting risks we would refer to the subsection **"Derivative financial instruments in connection with reinsurance"**, section **9.1 "Derivative financial instruments and financial guarantees"** in the notes to the consolidated financial statements.

Our investments entail credit risks that arise out of the default risk (interest and/or capital repayment) or a change in the credit status (rating downgrade) of issuers of securities. We attach equally vital importance to exceptionally broad diversification as we do to credit assessment conducted on the basis of the quality criteria set out in the investment guidelines. We measure credit risks in the first place using the standard market credit risk components, especially the probability of default and the potential amount of loss – making allowance for any collateral and the ranking of the individual instruments depending on their effect in each case. We then assess the credit risk first on the level of individual securities (issues) and in subsequent steps on a combined basis on the issuer level. In order to limit the risk of counterparty default we set various limits on the issuer and issue level as well as in the form of dedicated rating quotas. A comprehensive system of risk reporting ensures timely reporting to the functions entrusted with risk management.

Rating structure of our fixed-infomce securities [1]

Rating classes	Government bonds		Securities issued by semi-governmental entities [2]		Corporate bonds		Covered bonds / asset-backed securities	
	in %	in EUR million	in %	in EUR million	in %	in EUR million	in %	in EUR million
AAA	0.2	5,226.1	0.5	5,225.4	0.0	209.4	0.7	2,867.6
AA	0.6	12,727.2	0.2	2,422.8	0.1	1,749.2	0.1	331.1
A	0.1	2,493.4	0.1	795.5	0.4	8,244.3	0.1	400.8
BBB	0.0	1,061.2	0.0	150.0	0.4	8,000.0	0.1	588.7
< BBB	0.0	550.9	0.1	1,177.4	0.1	2,062.3	0.0	143.9
Total	**1.0**	**22,058.7**	**1.0**	**9,771.1**	**1.0**	**20,265.2**	**1.0**	**4,332.1**

[1] Securities held through investment funds are recognised pro rata with their corresponding individual ratings.
[2] Including government-guaranteed corporate bonds

In general terms, Hannover Re gears its investment portfolio to the principles of a balanced risk / return ratio coupled with broad diversification. Accordingly, we counter the risk concentrations that nevertheless arise in individual asset classes with the broadest possible spread of different issuers per asset class. This is just as much a key component of our investment policy as credit rating assessment and management based on the quality criteria defined in the investment guidelines.

On a fair value basis EUR 5,761.9 million of the corporate bonds held by our company were issued by entities in the financial sector. Of this amount, EUR 4,687.1 million was attributable to banks. The vast majority of these bank bonds (70.0%) are rated "A" or better. Our investment portfolio under own management does not contain any written or issued credit default swaps.

Counterparty default risks

The counterparty default risk consists primarily of the risk of complete or partial unwillingness or inability to pay of counterparties and the associated default on payment. Counterparty default risks exist with respect to cedants, retrocessionaires and in connection with short-term deposits at banks. We address credit risks from fixed-income investments in the preceding section **"Market risks"**.

The following table shows the required risk capital for counterparty defaults with a confidence level of 99.5%.

Required risk capital [1] for the counterparty default risk

in EUR million	31.12.2023	31.12.2024
Counterparty default risk	432.1	404.6

[1] Required risk capital with a confidence level of 99.5%; information not audited by the independent auditor

Since the business that we accept is not always fully retained, but instead portions are retroceded as necessary, the counterparty default risk is also material for our company in reinsurance transactions. Our retrocession partners are carefully selected and monitored in light of credit considerations in order to keep the risk as small as possible. This is also true of our broker relationships, which entail a risk inter alia through the potential loss of the premium paid by the cedant to the broker. We minimise these risks, among other measures, by reviewing broker relationships with an eye to criteria such as the existence of professional indemnity insurance, payment performance and proper contract implementation. The Security Committee decides on measures where necessary to secure receivables that appear to be at risk of default. This process is supported by a risk management application, which specifies cession limits for the individual retrocessionaires participating in protection cover programmes and determines the capacities still available for short-, medium- and long-term business. Depending on the type and expected run-off duration of the reinsured business, the selection of reinsurers takes into account not only the minimum ratings of the rating agencies Standard & Poor’s, A.M. Best, Fitch and Moody’s but also internal and external expert assessments. Overall, retrocessions conserve our capital, stabilise and optimise our results and enable us to act on market opportunities across a broader front, e. g. following a major loss event. A close and regular dialogue with our retrocessionaires gives us a reliable overview of the market and puts us in a position to respond quickly to capacity changes.

The following table shows how the proportion of assumed risks that we do not retrocede (i.e. that we run in our retention) has changed in recent years:

Reinsurance revenue retained

in %	31.12.2023	31.12.2024
Group cumulated	86.2	87.3
Property and casualty cumulated	84.4	85.1
Life and health cumulated	90.3	92.7

Alongside traditional retrocessions in property and casualty reinsurance we also transfer risks to the capital market. Any counterparty default risks associated with investors in a capital market transfer are collateralised via LOCs or a trust account (e.g. using cash) in favour of Hannover Re.

Retrocession gives rise to claims that we hold against our retrocessionaires. These reinsurance recoverables—i.e. the reinsurance recoverables on unpaid claims—amounted to EUR 2,566.1 million (EUR 2,231.4 million) as at the balance sheet date. For the majority of our retrocessionaires we also function as reinsurer, meaning that in most cases recoverables can potentially be set off against our own liabilities. In addition a portion of our recoverables are secured by deposits or letter of credits.

In terms of the Hannover Re Group`s major companies, EUR 669.7 million of our accounts receivable from reinsurance business were older than 90 days as at the balance sheet date. In the previous year, the amount was EUR 860.2 million.

The following table shows the accounts receivables, broken down by rating class.

Accounts receivables as of balance sheet date

in EUR million	2023	2024
AAA	—	—
AA	204.3	158.9
A	516.4	575.7
< BBB, NR	596.4	74.0

The volume of assets subject to collateral arrangements is well below 60% of Hannover Re's total assets. This statement is relevant for the calculation of the counterparty default risk with respect to Hannover Re.

Counterparty default risks, among other risks, are also relevant to our investments and in life and health reinsurance because we prefinance acquisition costs for our ceding companies. Our cedants, retrocessionaires and broker relationships as well as our investments are therefore carefully evaluated and limited in light of credit considerations and are constantly monitored and controlled within the scope of our system of limits and thresholds.

Lastly, short-term deposits at banks are also at risk of counterparty default.

Operational risks

Operational risk means the risk related to business operations and due to inadequate processes, human errors, system failures or external events. Within the overall framework of operational risks, we pay particularly close attention to business continuity risks, business process and data quality risks, compliance risks, fraud risks, human resources risks, information security risks and outsourcing risks.

Management of operational risks

Operational risks are an indivisible part of our business activities. With the aid of half-yearly Group-wide self-assessments, in which all relevant corporate operations are actively involved, we determine the maturity level of our risk management system for operational risks and define action fields for improvements. In order to calculate the capital commitment in our internal capital model we perform extensive scenario analyses. In joint workshops, experts across all disciplines establish assumptions for the loss frequency and impact, and take the results as a basis for specifying the parameters for the stochastic model. In addition, internal (near) loss events are systematically recorded and examined with an eye to possible measures for improving the control system. The internal data are enhanced with insights gained from external events, which either become known through public channels or were reported through a loss data consortium of which we are a member.

Regular quarterly risk reporting incl. risk indicators to the Risk Committee and the Executive Board takes place with regard to all operational risks.

Required risk capital [1] for operational risks

in EUR million	31.12.2023	31.12.2024
Operational risk	653.6	711.1

[1] Required risk capital with a confidence level of 99.5%; information not audited by the independent auditor

Unlike market, counterparty default and underwriting risks, operational risks are categorised as non-financial risks. We discuss below the subcategories of operational risks.

Business continuity risks

Business continuity risks arise from natural or man-made hazards that threaten or disrupt business operations. The risk also includes the continuity of IT infrastructure and services. Our Business Continuity Management (BCM) system reduces the risk through preventive resilience measures that are regularly tested. A special organisational and operational structure has been set up to respond reactively to a crisis event and to recover business operation.

Business process and data quality risks

Business process risks are associated with the risk of inadequate or failed internal processes, which can arise inter alia as a consequence of an inadequate process organisation. We have defined criteria for managing the risk that result in a high process quality. Data quality is similarly a very critical success factor, especially in risk management, because for example the validity of the internal model is largely based on the data provided. As part of our data quality management, we have defined extensive automatic routines that continuously determine data quality in central systems.

Compliance risks

We define compliance risks as the risks of violating legal regulations and/or internal company guidelines. Compliance risk includes legal and tax risk. Responsibilities within the compliance organisation are regulated and documented throughout the Group. Interfaces to risk management have been established. Regular compliance training programmes and awareness-raising measures complement the range of tools. In conformity with a risk-based approach, a sanctions screening software is used on our business partners, the relevant parts of the Hannover Re Group's portfolio as well as on loss advices to filter out individuals, goods and services that are subject to sanctions. In case of a hit, suitable steps are taken. Russia and Belarus are categorised for sanction screening (severe risk) due to the current situation. Countries that pose a high risk due to sanctions evasion measures, such as the UAE or Kazakhstan, are also subject to stricter rules. According to the Sanctions Guideline, for every transaction relating to "severe risk" countries a submission requirement and an in-depth review are mandatory in order to take into account the increased scope of sanctions. New business with Russian or Belarusian cedents is currently excluded.

We report on our compliance management system as part of our combined non-financial statement. For further information on compliance-related topics, including for example lawsuits, contingent liabilities and commitments, please see section **9. "Other notes"**, subsection **9.6 "Lawsuits"** and subsection **9.7 "Contingent liabilities and commitments"** in the notes to the consolidated financial statements.

Fraud risks

Fraud risks refer to the risk that results from intentional violations of laws or rules from own employees and/or from third parties in order to gain an advantage. This risk is reduced by the internal control system as well as by the audits conducted by Group Auditing on a Group-wide and line-independent basis. Should an instance of fraud nevertheless occur, established escalation processes to involve all relevant functions are in place and a risk-specific analysis (e.g. forensic investigation) is conducted including determination of appropriate measures.

Human resources risks

Personnel risks arise from the inadequate use or availability of personnel resources or inappropriate behaviour. The labour markets around the world remain tense. Hannover Re Group counters the risk of a generally increasing shortage of skilled labour by paying particular attention to the qualifications, experience and motivation of our employees.

Information security risks

Information security risks arise, inter alia, out of an inadequate protection of confidentiality, integrity or availability of information, which is stored/ processed in information technology or handled by human beings.

With a view to protecting against, among other threats, cyber attacks and the loss of sensitive information, Hannover Re has implemented an Information Security Management System (ISMS) that is closely aligned with international standards and harmonised with other management systems. Specific policies and control standards regulate all technical and organisational measures. Consideration is given to all types of digital and physical information assets.

The Executive Board bears overall responsibility for information security and is supported by the Risk Committee. The Information Risk & Security Committee (IRSC) is a sub-committee of the Risk Committee and is comprised of the Head of Risk Management, the Chief Information Security Officer (CISO) and the Head of IT. The IRSC evaluates and monitors the corresponding information risks and steers any conflicts of interest on a quarterly basis. The full Executive Board is provided with information at least annually by way of an information security report and also within the year if necessary.

The CISO, as the main process owner, is responsible for the planning, implementation and ongoing development of the ISMS as well as for coordinating the corresponding tasks with local contacts within the Hannover Re Group. The CISO cooperates closely with Information Risk Management (IRM), the central Compliance function and the Data Protection Officer. Both, the CISO and the other specified functions, form part of the second line of defence. Furthermore, every single member of staff is responsible for adhering to the relevant security standards. To this end, all employees undergo regular training in information security topics as well as awareness-raising, e.g. through phishing simulations.

Outsourcing risks

Outsourcing risks can result from the outsourcing of functions or services to third parties. They also include intra-group outsourcings. Mandatory rules and processes have been put in place to limit this risk. Among other things, a risk analysis and partner assessment is to be performed prior to outsourcing to identify specific risks associated with the outsourcing and to take adequate risk steering measures. The analysis is subject to regular review.

In selected market niches we transact primary insurance business that complements our reinsurance activities. In so doing, just as on the reinsurance side, we always work together with partners from the primary sector—such as insurance brokers and underwriting agencies. The associated distribution channel risks are minimised through the careful selection of agencies, mandatory underwriting guidelines and regular checks. The distribution channel risk forms an integral part of management of the outsourcing risk and of business partners.

Other risks

Under other risks we include emerging risks, strategic risks, sustainability risks, reputation risks as well as liquidity risks.

Management of other risks

Other risks are managed primarily using qualitative methods and on the basis of risk indicators. Risk management monitors and reduces the other risks through mitigation measures such as company-wide working groups and guidelines. Regular quarterly risk reporting to the Risk Committee and the Executive Board takes place. Risks are also evaluated as part of this reporting.

Within the risk management processes we also take into account any impact on the operational risks and the other risks in relation to environmental management, employee matters, social concerns, respect for human rights and the combating of corruption and bribery, as required by the CSR Directive Implementation Act.

Emerging Risks

Emerging risks are risks that are in the process of forming or may shortly become relevant due to current developments. Emerging risks evolve gradually from weak signals to unmistakable tendencies. They can directly impact our treaty portfolio in both property and casualty and life and health reinsurance and influence our investments. A further hallmark is that their risk content cannot be reliably assessed, especially with respect to our treaty portfolio.

Certain risks are subject to particular dynamics or future claims; or costs in business operations are to be expected. We were particularly concerned with the following risk complexes in the reporting year:

- Opioids are drugs that have an opium-like effect and are often prescribed after serious injuries and surgical procedures. They are also administered for severe chronic pain.
  The outbreak of the "opioid crisis" in the U.S. can be traced back to the over-prescription of strong opioid painkillers. As a result, more than 2 million Americans have fallen victim to addiction, either to prescription opioids or to heroin. The public debate centres on four substances that are closely linked to the current crisis: Hydrocodone, oxycodone, fentanyl and heroin. In recent years, numerous states, cities and counties in the US have filed lawsuits against manufacturers, wholesalers and retailers of opioids. Nearly every state in the U.S. is currently involved in these lawsuits. The impact of the opioid epidemic on liability insurance remains uncertain. The extent to which liability insurance policies may be affected and, additionally, the reinsurance coverage offered by Hannover Re, if any, has not yet been finalised.
- Per- and polyfluoroalkyl substances (PFAS) are a group of chemicals with water-, grease- and dirt-repellent properties. Some PFAS have been categorised as hazardous. Possible health effects include cancer, reduced fertility, a weakened immune system, increased cholesterol levels and/or the risk of obesity and developmental delays in children. In the U.S. in particular, several lawsuits in connection with PFAS against companies that manufacture PFAS, use PFAS in their products or process or sell products containing PFAS have already been settled and/ or are still pending. Claims for alleged PFAS contamination of soil, groundwater and drinking water have so far been the main cause of litigation. Although such legal disputes are still at an early stage in Europe compared to the U.S., PFAS-related lawsuits are on the rise here too. Currently, there is no standardised global regulation for the definition, handling and restriction of PFAS use, but there is increasing regulatory activity on PFAS worldwide. Hannover Re is therefore monitoring this risk complex closely as it may have a negative financial impact on various lines of business.
- Artificial intelligence (AI) offers opportunities for the automation of data processing and decision-making processes, among other things. Risks exist, for example, in relation to incorrect or incomprehensible data and decisions. It is therefore important to establish and continuously adapt rules for the use of AI in companies. In principle, we expect AI to fundamentally change many aspects of human life and production

processes in the future. This will also influence insurance-specific aspects, such as the frequency of diagnoses for certain diseases. Furthermore, AI represents an additional tool for cybercrime, which companies and individuals must take into account when protecting themselves against attacks. Please refer to section **"Macroeconomic climate and industry specific environment"** in the risk report for the current state of regulation with regard to artificial intelligence.

Early detection and subsequent evaluation of risks are crucially important when it comes to emerging risks. For this reason, we deploy Hannover Re's internal, interdepartmental and multi-line expert working group on "Emerging Risks & Scientific Affairs" and we ensure its linkage to risk management. The analyses performed by this working group are used Group-wide in order to initiate any necessary measures. The working group is currently exploring around 20 risk complexes, some of them megatrends, to facilitate the identification and adequate evaluation of not only existing but also emerging risks. Megatrends are defined as developments with a trend cycle of at least 30 years. They are not presently associated with direct impacts on operations, but may potentially evolve in this direction. Examples are:

- Biodiversity: A decline in biodiversity can be viewed in conjunction with emerging risks associated with scarcity of resources, air pollution, genetically modified organisms or food security and availability—but also goes hand-in-hand with a need for innovative (insurance) solutions and services.
- Climate Change: The current action on climate change means new or refined technologies, such as renewable energies, energy storage innovations or hydrogen concepts and their various possible applications, for which insurance coverages are needed.
- Urbanisation: The steady increase in urbanisation means the growth and change of cities. Those leaving the countryside and moving to the city are mostly young, hence altering both rural and urban age distributions. Correlated trends such as the ageing society and new types of mobility, increasingly against a backdrop of sustainability, are throwing up major questions. The significance of these trends and the speed of change are compelling the insurance industry to plan which role it wants to play in helping to shape the future. In this context it is important to consider both business opportunities and risks. Given that all this is affected by climate change, people's property—especially when value concentrations form in future megacities—will have to be insured against natural perils. In a worst-case scenario, this could mean that certain regions and risks become uninsurable if adequate urban planning—taking account of natural hazards—is neglected in the spread of large cities around the world. Urbanisation not only means new buildings, technologies and lifestyles that have to be insured; rather, living close together also has implications for people's physical and mental well-being, which is relevant to our portfolio of life and health insurance.

Hannover Re publishes summary position papers on various emerging risks which can be accessed on our website. In 2024, papers on mental health, political violence and terrorism, fracking, personal damage compensation and factors influencing future life expectancy, among others, were created.

Hannover Re is a member of the Chief Risk Officer (CRO) Forum and a constant participant in the CRO Forum’s Emerging Risk Initiative, which continuously tracks and analyses various emerging risks, publishes information on those risks considering possible trends thereof and conducts corresponding impact analyses. The trends considered include "Ageing and health", "Economic instability", "Environment and climate", "ESG issues", "Changes in the geopolitical landscape", "Technological developments" as well as "Demographic and social change". New topics added in the year under review were "Social Fragmentation” and "Economic Trade Conflicts and Sanctions". The publications are publicly accessible on the CRO Forum website.

Strategic Risks

Strategic risks derive from a possible imbalance between the corporate strategy of the Hannover Re Group and the constantly changing general business environment, for example with respect to evolving regulatory requirements. Such an imbalance might be caused, for example, by incorrect strategic policy decisions, a failure to consistently implement the defined strategies and business plans or an incorrect allocation of resources. We therefore regularly review our corporate strategy in a multi-step procedure and adjust our processes and the resulting guidelines as and when required. We have defined performance criteria and indicators for operational implementation of the strategic principles and objectives; these are authoritative when it comes to determining fulfilment of the various targets. The process for the management of strategic risks continues to be assessed annually as part of the monitoring of business process risks.

Sustainability risks and reputation risks

The handling of sustainability risks has come into increasing focus in recent years, above all against the backdrop of climate change. Instead of sustainability risks, reference is often made to risks associated with environmental, social and governance (ESG) issues.

We make a fundamental distinction here between risks and impacts to which a company is exposed (outside-in perspective) as well as risks and impacts that a company causes through its business operations (inside-out perspective). Sustainability risks corresponding to the outside-in perspective are financial risks due to the potential financial repercussions of environmental, social and governance (ESG) issues on Hannover Re. These financial risks encompass market, underwriting, counterparty default and operational risks and are integrated into the risk management processes for such risks. The inside-out perspective refers to situations in which the activities of Hannover Re would be harmful to the environment or social norms or would reflect a failure of governance.

Reputation risks refer to the risk that the trust put in our company by clients, shareholders, employees or the public at large may be damaged. This risk has the potential to significantly jeopardise the business foundation of the Hannover Re Group. A good corporate reputation is therefore an indispensable prerequisite for our core business as a reinsurer. Reputation risks may arise out of all business activities conducted by the Hannover Re Group. Reputational damage may be caused, inter alia, by a data leakage that becomes public knowledge or financial difficulties on account of an underwriting risk. We use a number of different techniques for risk mitigation, such as our defined communication channels (e. g. Crisis Communication Guideline), a professional approach to corporate communications, tested processes for specific crisis scenarios as well as our established Code of Conduct. A reputation risk can occur isolated or as a result of a materialisation of any other risk category.

Reputation and sustainability risks are closely linked, as e.g. failure to fulfil societal expectations of sustainability can result in a reputation risk. Risk Management and the departments Group Sustainability & Strategy and Corporate Communications work together closely to identify ESG and reputation risks. This applies both to the assessment of ESG risks and to the monitoring of media reports, the analysis of NGO activities and the dialogue cultivated with relevant stakeholder groups.

Liquidity risks

We define liquidity risk as the risk of not being able to fulfil our financial obligations when they fall due. Liquidity risk consists of refinancing risk (required funds cannot be obtained or can only be obtained at higher costs) and market liquidity risk (financial market transactions can only be concluded at a worse price than expected due to a lack of market liquidity). Key elements of the liquidity management of our investments are, on the one hand, the management of the maturity structure of our investments on the basis of the planned payout profiles from the technical obligations and, on the other hand, regular liquidity planning and the investment structure of the investments. Beyond the foreseeable payouts, unexpected, extraordinarily high payouts could pose a liquidity risk. However, in the reinsurance business, significant events (major claims) are generally paid out with a predictable lead time. Nevertheless, as part of our liquidity management, we have defined portfolios that have proven to be highly liquid even in situations of financial stress such as the 2008 financial crisis. During the year under review, our holdings of free German, British and US government bonds and financial resources were larger than possible payouts for assumed extreme events, so that our liquidity is guaranteed even in the unlikely event of a combination of financial crises and the need for an extreme event to be paid out quickly. The liquidity reserve totalled EUR 9.9 billion (EUR 8.6 billion) as at the reporting date. In addition, we manage the liquidity of the portfolio by monitoring the liquidity of the portfolio securities on each trading day. When reinvesting fixed-income securities in the reporting period, we increased our investments in securities and funds with short-term maturities, slightly shortening the average residual term. We have further strengthened our liquidity base by expanding our portfolio of short-term securities of appropriate quality. As an additional liquidity management tool, we have been entering into repurchase agreements (repo transactions) for a limited period of time for several years. We use these measures to reduce our liquidity risk.

Opportunity report

Speed is one of the qualities used to measure successful adaptability. Hannover Re's ambition is to offer quick and effective solutions that keep us one step ahead of the competition. Hannover Re searches systematically for new business opportunities in order to generate sustainable growth and strengthen the company's profitable development. With a view to identifying opportunities and successfully translating ideas into business, Hannover Re adopts a number of closely related approaches in order to achieve holistic opportunity and risk management. Of significance here is the efficient interplay of the various functions within opportunity and risk management, which is ensured by defined interfaces. In light of this structure, regulatory observations may also lead to new opportunities for Hannover Re. The materiality analysis as part of the **combined non-financial statement** also plays a role in opportunity management, as not only impacts and risks, but also opportunities for the company are analysed and evaluated when double materiality is taken into account.

The focus of Hannover Re's business opportunity management is on various market-specific innovations in the Life & Health and Property & Casualty reinsurance business groups (see section **"Forecast"** in the outlook).

Trends affecting these business groups are systematically identified and analysed with the support of external sources and partners and the needs of our clients are anticipated along the entire insurance-related value-added chain. Business opportunities that promise access to innovative technologies and enhance our appeal in the eyes of customers are specifically pinpointed. With this in mind, Hannover Re cultivates business-related partnerships with outside accelerators, incubators, company builders, start-ups and research institutes in order to boost our competitiveness in the insurtech sector and the field of digital solutions. Various competence centres have been set up in the Hannover Re Group to evaluate the strategic and technical significance of innovative new digital technologies and the goals pursued by these innovation units have been put on a strategic footing. The interplay between these units is based on a dedicated approach that enhances the activities with specific expertise and efficiency.

In-house accelerator units covering the areas of business, technology and parametrics explore the specifics of their respective fields and maintain a close dialogue with one another. The tasks performed by these organisational units include, among others, global scaling of existing market-specific products and solutions, developing new sector- and customer-specific digital assets, providing systematic support for insurtechs as they build their digital business models as well as internal efficiency improvements through targeted cooperation with external technology providers. An intensive exchange and targeted collaboration with the market departments are crucially important here in order to build on existing networks and expertise. In this way, we strive to identify business opportunities at a transformative stage to deliver innovative solutions to customers.

This broad spectrum of tasks is geared to the clearly defined goals of generating new profitable premium potential for the Group, optimising risk assessment through the use of innovative tools, cultivating new strategic partnerships and acquiring new capabilities in the fields of digitalisation, automation (among other things with the help of artificial intelligence) and data analytics.

Strengthening resilience against natural perils

Insurance is increasingly recognized and used as a tool in development cooperation to strengthen the financial resilience of vulnerable population groups in the face of extreme weather events and other natural catastrophes. This is because the gap between insured and economic losses is particularly large in emerging and developing countries. Against this backdrop, Hannover Re is engaged in broadening the scope of insurance protection in affected countries. This entails opportunities through the further development of the local insurance markets and the correspondingly broader possibilities to diversify the reinsurance business. The cooperation is carried out via initiatives such as the Insurance Development Forum and with several other partners, also from the public sector.

Of special relevance is the support for the Natural Disaster Fund (NDF). Hannover Re makes substantial capacity available to this public-private partnership and thereby complements the capitalisation of the NDF from the German and British governments via the KfW Development Bank and the Foreign, Commonwealth and Development Office. As of year-end 2024, 42.5 million people could be directly or indirectly protected through the NDF, with 36.4 million of them being considered poor and vulnerable people (with less than 15 USD purchasing power parity per day). The parametric insurance products which are deployed here allow for a payment as soon as a predefined parameter such as precipitation amount, wind speed or earthquake intensity is met, without the need for a loss assessment. This enables very quick payouts which is especially useful for the policyholders after extreme weather events.

The public-private partnership Insurance Development Forum is an important vehicle to raise awareness about the significance of insurance for the resilience against natural perils, especially also with public stakeholders, and to jointly work on concrete solutions. Hannover Re contributes here among other things as the co-lead for the development of a parametric solution against flood risk for Argentinian cities.

Especially the reinsurance covers in the agricultural sector are essential for the rurally characterized emerging and developing countries. Hannover Re is a large provider of corresponding solutions. This is particularly the case in the Peruvian market where Hannover Re, in cooperation with the government and the primary insurance market, protects smallholder farmers in the entire country against yield losses.

The demand for capital market products leads to further opportunities in this segment. By way of example the ILS team of Hannover Re was instrumental for the provision of the new catastrophe bond for the government of Puerto Rico, taking place in 2024, for the protection against windstorms and earthquakes.

Several other programmes with a bearing on reinsurance, as for example for regional risk pools against natural perils, complement the respective portfolio of Hannover Re.

Opportunities from emerging risks and new product process

The dynamic networking of the members of staff active in the field of innovation at Hannover Re gives rise to close links with other projects, working groups and bodies, such as with the working group on "Emerging Risks & Scientific Affairs" in regard to emerging risks and opportunities (see section **"Other risks"** in the risk report). This working group carries out qualitative assessments of emerging risks. As a result, however, not only are the potential risks explored but also any available business opportunities. Analyses are compiled here exploring how Hannover Re can counter megatrends such as climate change, digitalisation or shifting demographics with novel (re)insurance products or capital investments.

If a business idea is translated into reality and a new reinsurance product results, the specific procedure—provided the criteria defined for this purpose by Risk Management are applicable—is to work through the so-called new product process. This process is supported by Risk Management at Hannover Re. The process is always worked through if a contractual commitment is to be entered into in a form not previously used by Hannover Re or if a new type of risk is to be insured. If this is the case, all material internal and external influencing factors are examined beforehand by Risk Management (e. g. implications for the overall risk profile or the risk strategy) and evaluated. Risk Management ensures that before it can be used or sold a new reinsurance product must be approved by the Executive Board.

Cyber insurance

Cyber attacks on critical systems continue to become increasingly common, which can cause considerable financial losses and can also damage corporate reputations. Furthermore, they can severely hamper private and public life, especially if critical infrastructures are impacted—such as the health, transportation / traffic and energy sectors. In such instances supply shortages with potentially lasting effects as well as major disruptions to public safety may ensue. In a digitally connected world the repercussions of cyber attacks are intensifying because the volume of globally stored data and the extent of system dependencies are constantly growing—in this context it is not only the own technical infrastructure that needs to be secured. On the contrary, the trend towards cloud computing is increasingly shifting the focus to third-party digital infrastructures and the associated network connection. As part of our holistic approach to risk and business opportunity management, we are also tackling the question of what new insurance products can be developed in order to protect against the relevant risks. The constant refinement of our systemic analyses for the assessment of cyber risks forms the basis for developing new (re)insurance solutions. We aim to bring transparency to the customer's cyber risks and we seek to cover the need for risk-mitigating measures by offering suitable solutions. To this extent, we also see an opportunity to generate additional reinsurance premium in this line of business.

Overall assessment by the Executive Board

Based on our currently available insights arrived at from a holistic analysis of the opportunities and risks, the Executive Board of Hannover Re cannot discern any risks that could jeopardise the continued existence of the Hannover Re Group in the short or medium term or have a material and lasting effect on its assets, financial position or net income. We are convinced that:

- our established system of risk management affords us a transparent overview of the current risk situation at all times,
- our overall risk profile is appropriate, and
- our opportunity management plays an important part in Hannover Re's sustainable and profitable growth.

As an internationally operating reinsurance group, we move in a highly complex environment. Nevertheless, thanks to our business activities in all lines of reinsurance we are able to achieve optimal risk spreading through geographical and risk-specific diversification while at the same time maintaining a balanced opportunity / risk profile. We consider the risks described in the above sections to be manageable, particularly because our steering and monitoring measures are effectively and closely interlinked. Despite these diverse mechanisms, individual and especially accumulation risks can decisively affect our assets, financial position and net income. In accordance with our understanding of risk, however, we consider not only risks but also at the same time opportunities. We therefore only enter into those risks that go hand-in-hand with opportunities. Our steering and monitoring tools as well as our organisational and operational structure ensure that we identify risks at an early stage and are able to act on our opportunities. Our central monitoring tool is the system of risk management that we have installed Group-wide, which brings together both qualitative and quantitative information.

Our own evaluation of the manageability of existing risks is confirmed by various financial indicators as well as by external assessments of rating agencies (Standard & Poor's and A.M. Best). Specific monitoring indicators, corresponding notification thresholds and potential escalation steps are defined on a mandatory basis in our central system of limits and thresholds for the material risks of the Hannover Re Group. As a result, the system provides us with a precise overview of potentially undesirable developments in the defined risk tolerances and enables us to react in a timely manner. Our necessary equity resources are determined by the requirements of our economic capital model, solvency regulations, the assumptions of rating agencies with respect to our target rating and the expectations of our clients and shareholders. We have a sufficient capital cushion to be able both to absorb risks and act on lucrative business opportunities that may present themselves. Similarly, our financial strength ratings also testify to our financial stability. The quality of our Risk Management, for example, is assessed as very good by Standard & Poor's as a key factor in the rating process. Special consideration is given to our established risk management culture, which promotes the development of appropriate risk monitoring systems and supports strategic risk management. The rating encompasses in particular the areas of risk culture, risk controls, emerging risk management, risk models and strategic risk management. This external appraisal confirms the quality of our holistic approach to risk management.

The Group-wide risk management system and the internal control system are also a regular part of the audits conducted by the internal audit function as well as part of the assessment of the governance system by the Executive Board.

Enterprise management

Declaration on Corporate Governance pursuant to §§ 289f, 315d German Commercial Code (HGB)

This subsection is a part of the report that the legislator has expressly exempted from the audit of the financial statement/audit of the management report (§ 317 Para. 2 Sentence 6 and Sentence 4 German Commercial Code (HGB); unaudited information).

Hannover Re's objective continues to be to consolidate its position as one of the leading, most profitable reinsurance groups operating worldwide. In aspiring towards this goal, it is particularly important to observe and fulfil the principles of good and sustainable corporate governance.

The Executive Board and Supervisory Board of Hannover Rück SE expressly support the suggestions and recommendations of the German Corporate Governance Code (DCGK) and are guided by them in their activities. Integrity in dealings with business partners, staff, shareholders and other stakeholder groups as well as value-based and transparent enterprise management and control are key pillars of corporate governance. The Supervisory Board, Executive Board and employees of Hannover Re identify with these principles, which thus form part of our corporate self-image.

Hannover Rück SE hereby provides insight into its enterprise management practices as part of the Declaration on Corporate Governance pursuant to § 289f German Commercial Code (HGB) and pursuant to § 315d German Commercial Code (HGB) in conjunction with § 289f German Commercial Code (HGB) for the Hannover Re Group:

Corporate Governance

As an instrument of self-regulation for the business world, the German Corporate Governance Code defines current best practices for corporate governance and is intended to make the German system of corporate governance transparent and comprehensible. It seeks to foster the trust of international and national investors, customers, employees and the general public in the management and supervision of German listed companies. Although the Code does not have binding legal force, the enterprises addressed by the Code are nevertheless required by § 161 Stock Corporation Act (AktG) to provide an annual declaration as to whether or not the recommendations of the Code were and are complied with in the reality of the company's business activities. If recommendations were not acted upon, this is to be explained and disclosed as part of the Declaration of Conformity. Supplementary to the present declaration, the Declarations of Conformity pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code for recent years are published on our website: **Declaration of Conformity↗**

Declaration of Conformity pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code at Hannover Rück SE

Under § 161 Stock Corporation Act (AktG) it is incumbent on the Management Board and Supervisory Board of German listed companies to provide an annual declaration of conformity with the recommendations of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice and Consumer Protection or to explain which recommendations of the Code were/are not applied and why this is the case.

The Executive Board and Supervisory Board declare pursuant to § 161 Stock Corporation Act (AktG) that Hannover Rück SE is in conformity with all recommendations of the German Corporate Governance Code contained in the version of the Code adopted on 28 April 2022 (announced on 27 June 2022) and also intends to remain in conformity with these recommendations in the future.

Hannover, 8 November 2024
Executive Board, Supervisory Board

Remuneration

Remuneration of the Executive Board

The applicable system of remuneration for the members of the Executive Board of Hannover Rück SE was adopted by the Supervisory Board at its meeting on 4 August 2020. It was presented to the Annual General Meeting for approval on 5 May 2021. The remuneration system was developed by the Supervisory Board with the support of an independent consultant and is in conformity with the requirements of the Stock Corporation Act (AktG) as well as the recommendations of the German Corporate Governance Code as amended on 28 April 2022 (announced on 27 June 2022). The remuneration system is submitted to the Annual General Meeting for approval if any material changes are made to the remuneration system, and at least every four years.

The remuneration report contains detailed information about the amount of remuneration received by the members of the Executive Board. The applicable remuneration system for the members of the Executive Board as well as the remuneration report submitted annually to the Annual General Meeting for approval (including the report of the independent auditor) can be accessed on the website of Hannover Rück SE: **Remuneration report and system↗**

Remuneration of the Supervisory Board

The system of remuneration for the members of the Supervisory Board is geared to the legal requirements and reflects the recommendations and suggestions of the German Corporate Governance Code. It is governed by § 14 of the company's Statute: **Statute↗**

The remuneration of the members of the Supervisory Board is balanced overall and commensurate with the responsibility and tasks of the Supervisory Board members and the position of the company, with consideration also given to the remuneration arrangements of comparable listed companies. The remuneration arrangements as well as the remuneration system are regularly reviewed by the Supervisory Board with an eye to their adequacy, in which regard the advice of external consultants may also be sought. The Annual General Meeting considers the remuneration of the Supervisory Board members at least every four years and if changes to the remuneration arrangements are proposed. The Annual General Meeting can confirm the existing system of remuneration for the Supervisory Board or adopt a resolution to amend it.

A breakdown of the individual remuneration received by the members of the Supervisory Board for the 2024 financial year is provided in the remuneration report, which can be accessed on Hannover Re's website: **Remuneration report and system↗**

Further enterprise management principles of Hannover Re

The Code of Conduct of Hannover Rück SE applies Group-wide and can be accessed online: **Code of Conduct↗**. Complementing our corporate strategy, it sets out the rules governing integrity in the behaviour of all employees of Hannover Re and is intended to help members of staff cope with the ethical and legal challenges that they face as part of day-to-day work. The rules defined therein reflect the high standards that guide our actions worldwide. It is our belief that integrity in dealings with our stakeholders constitutes the foundation of a successful enterprise. In both our strategic planning and our day-to-day business activities, we therefore aspire to consistently apply the highest ethical and legal standards; for our actions and the way in which every single one of us presents and conducts himself or herself are crucial in shaping the image of Hannover Re.

Risk monitoring and steering

The risk management system applicable throughout the entire Hannover Re Group is based on the risk strategy, which in turn is derived from the corporate strategy. A core component is the systematic and comprehensive recording of all conceivable risks that from the current standpoint could potentially jeopardise the company’s profitability and continued existence. Further details in this regard may be obtained from the risk report contained in the present Annual Report.

Adequacy and effectiveness of the internal control system and risk management system

A detailed description of the main elements of the internal control system (ICS) and risk management system (RMS) is included in the opportunity and risk report. The adequacy and effectiveness of the ICS and RMS are reviewed and evaluated at Hannover Re primarily through the following measures:

- regular and systematic risk identification, analysis, assessment, steering and monitoring, including risk reporting,
- a continuous improvement cycle of Plan-Do-Check-Act in relation to risk management and the ICS, also including continuous monitoring and the rectification of deficiencies identified in the RMS/ICS in collaboration with the responsible units,
- regular review of the controls established in processes by the process owners in the context of an annual self-assessment,
- review of the controls in information security processes by the department headed by the Chief Information Security Officer,
- evaluation of controls, policies and processes relating to operational risks conducted annually in a self-assessment by expert groups,
- annual assessment of the ICS and RMS by a committee established to assess the system of governance,
- independent evaluation of the adequacy and effectiveness of implemented measures, including compliance-related controls, as part of continuously conducted compliance monitoring procedures, and
- in the context of regular audits conducted by the internal audit unit in relation to the ICS and RMS.

In connection with the aforementioned extensive measures, no facts or circumstances became known to the Executive Board in the reporting period that overall would argue against the adequacy and effectiveness of the ICS and RMS.

Sustainability of enterprise management

The considerable strategic and regulatory significance attached to ESG issues was again evident in the year under review. The associated risks and opportunities go hand-in-hand with increasing expectations placed on the role of corporate governance and on the management of sustainability risks. Requirements derive from, among other things, the G20/OECD Principles of Corporate Governance, Solvency II, the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ERS), the BaFin Guidance Notice on Dealing with Sustainability Risks, the German Corporate Governance Code (DCGK), the Supply Chain Due Diligence Act (LkSG), prospectively the Corporate Sustainability Due Diligence Directive (CSDDD) as well as the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). In this respect, it is envisaged that corporate governance will assume a prominent role in shaping ESG topics and integrate them into enterprise management.

The Executive Board is responsible for the underlying strategies, the implementation of corresponding structures and provision of appropriate resources as well as the definition of responsibilities in the organisational guidelines. The Supervisory Board is tasked with providing advice and oversight for the Executive Board in its leadership of the company, inter alia with an eye to the handling of sustainability risks. The wide-ranging qualifications, skills and relevant experience of the members of both bodies facilitate a nuanced evaluation of the opportunities and risks in business operations and enable balanced actions and decisions to be taken on this basis.

The Executive Board is advised by the ESG Management Team, which plays a central role in ESG governance. This high-calibre team is comprised of participants from various areas. The ESG Management Team ensures coordinated dovetailing with the Group strategy and serves as the interface to local units as well as the central point of contact for fulfilment of ESG-related regulatory requirements. The ESG Management Team reports half-yearly to the Executive Board. More extensive submissions on sustainability issues are also presented as necessary during the year.

The competency profile of the Supervisory Board explicitly recognises "ESG" as an important topic, with one of its members designated as an ESG expert. Furthermore, sustainability-related issues were again addressed at the meetings of the Finance and Audit Committee and the full Supervisory Board in the year under review.

Compliance

Hannover Re considers a properly functioning compliance structure to be an essential tool for ensuring compliance with external rules and regulations as well as requirements imposed internally by the company. Further details of the compliance management system are provided in the combined non-financial statement. The results of our compliance activities are documented annually in the compliance report, which is submitted to the Finance and Audit Committee of the Supervisory Board and the full Supervisory Board; in this regard please see the report by the Supervisory Board included in this report.

Working practice of the Executive Board and Supervisory Board

The Executive Board and Supervisory Board of Hannover Rück SE work together on a trusting basis to manage and supervise the company and the Group as a whole. In accordance with § 13 of the Statute and the Rules of Procedure of the Executive Board, matters of fundamental importance require the consent of the Supervisory Board. The Supervisory Board is comprised of nine members. Six members are elected as shareholder representatives by the shareholders at the Annual General Meeting. The three seats held by employee representatives, which are currently allocated to Germany pursuant to Part III, § 13 (3) of the Agreement regarding the Participation of Employees in Hannover Rück SE of 23 January 2013, are elected in accordance with the provisions of the SE Participation Act (SEBG) by the responsible representative body (currently the joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG). The Supervisory Board appoints the members of the Executive Board. Since members of the Supervisory Board cannot at the same time belong to the Executive Board, a high degree of independence in the oversight of the Executive Board is thus already ensured by structural means. In addition, the Supervisory Board is kept informed on a regular and timely basis of the business development, the execution of strategic decisions, material risks and planning as well as relevant compliance issues.

The Chairman of the Supervisory Board stays in regular contact with the Chairman of the Executive Board in order to discuss with him significant business occurrences. The composition of the Executive Board (including areas of responsibility) as well as of the Supervisory Board and its committees (including period of membership) is provided within this report.

The Rules of Procedure of the Executive Board are intended to ensure that a consistent business policy is elaborated and implemented for the company in accordance with its strategic objectives. Within the framework of a consistent business policy, the principle of "delegation of responsibility" enjoys special status. In the interests of shareholders, importance is expressly attached to an organisation that facilitates cost-effective, quick and unbureaucratic decision processes. Open and trusting cooperation geared to the interest of the whole is the foundation of success. In this context, the members of the Executive Board bear joint responsibility for the overall management of business. Irrespective of their overall responsibility, each member of the Executive Board leads their own area of competence at their individual responsibility within the bounds of the resolutions adopted by the Executive Board. The Executive Board has not set up any Executive Board committees, but has put in place a committee structure that supports it in the performance of its tasks. In addition to members of the Executive Board, senior executives and specialist employees of the Hannover Re Group sit on these committees.

The Rules of Procedure of the Supervisory Board provide inter alia that each member of the Supervisory Board must have the knowledge, skills and professional experience required for orderly performance of their tasks and that a sufficient number of independent members on the shareholder side shall belong to the Supervisory Board. The Supervisory Board has reached the assessment that Mr. Harald Kayser, Dr. Alena Kouba, Dr. Ursula Lipowsky and Dr. Michael Ollmann on the Supervisory Board are each to be considered independent in accordance with Recommendation C.6 of the German Corporate Governance Code as amended on 28 April 2022. A Supervisory Board member shall be considered independent within the meaning of this recommendation if they are independent of the company and its Management Board and independent of any controlling shareholder. Nor do any of the criteria restricting independence specified in Recommendation C.7 of the German Corporate Governance Code apply to any of the aforementioned candidates. Persons suggested to the Annual General Meeting as candidates for election to the Supervisory Board may not be older than 72 at the time of their election and shall normally not belong to the Supervisory Board as a member for longer than three full consecutive terms of office; the term of office commencing from the end of the 2014 Annual General Meeting is the first term of office to be counted for this purpose. Nominations shall take account of the company's international activities as well as diversity considerations. Furthermore, it shall be ensured that the proposed person can allocate the expected amount of time. The Supervisory Board meets at least twice each calendar half-year. The Supervisory Board's report provides information about the attendance of individual Supervisory Board members at the meetings. No more than two former members of the company's Executive Board may belong to the Supervisory Board.

The Supervisory Board decides in individual cases whether external advice should also be sought as a decision-making aid. A regular self-assessment is intended to survey the general efficiency of its working approach and assure it on a lasting basis. Following the election of a new Supervisory Board on 6 May 2024 by the Annual General Meeting, the first self-assessment is envisaged after one year of work by the Supervisory Board, namely in May 2025.

Working practice of the committees of the Supervisory Board

In order to efficiently perform its tasks the Supervisory Board has formed a number of committees: the Finance and Audit Committee, the Standing Committee and the Nomination Committee. The Supervisory Board committees prepare matters within their scope of competence for discussion and adoption of a resolution by the full Supervisory Board. Moreover, the committees are also assigned their own authority to adopt resolutions. The number of meetings of the committees in the period under review as well as the attendance of the committee members are discussed in greater detail in the report by the Supervisory Board.

The Finance and Audit Committee was made up of Dr. Ursula Lipowsky (Chairwoman), Mr. Torsten Leue and Mr. Herbert Haas in the year under review; Dr. Lipowsky can certainly be considered independent within the meaning of the German Corporate Governance Code. Dr. Lipowsky and Mr. Haas are financial experts pursuant to §100 Para. 5 Stock Corporation Act (AktG), with Dr. Lipowsky having the necessary expertise particularly in accounting matters and Mr. Haas in particular when it comes to the auditing of financial statements. The committee monitors the accounting process and the effectiveness of the internal control system, the risk management system and the internal auditing system. It also handles issues relating to compliance and the information system for the Supervisory Board and discusses the Quarterly Statements as well as the Half-yearly Financial Report prior to their publication. It prepares the Supervisory Board's examination of the annual financial statement, management report and proposal for the appropriation of profit as well as of the consolidated financial statement and Group management report. In this context, the Finance and Audit Committee receives detailed information on the auditor's view of the net assets, financial position and results of operations as well as explanations of the effects of any modified recognition and measurement principles on the net assets, financial position and results of operations together with available alternatives. In addition, the committee prepares the Supervisory Board's decision on the commissioning of the independent auditor for the financial statements. It considers matters associated with the necessary independence of the auditor, the awarding of the audit mandate to the independent auditor, the determination of the audit concentrations, the fee agreement and the quality of auditing. The agendas and minutes of the meetings of the Finance and Audit Committee are also made available to the members of the Supervisory Board who do not sit on the committee.

Mr. Torsten Leue (Chairman), Mr. Herbert Haas and Dr. Erhard Schipporeit initially met as the Standing Committee. Following the Annual General Meeting on 6 May 2024, Dr. Ollmann replaced Dr. Schipporeit on the commitee. The committee was then expanded in November through the addition of another member, Ms. Ilka Hundeshagen. The body prepares personnel decisions for the Supervisory Board. It bears responsibility for granting loans to the group of persons specified in §§ 89 Para. 1, 115 Stock Corporation Act (AktG) and those considered equivalent pursuant to § 89 Para. 3 Stock Corporation Act (AktG) as well as for approving contracts with Supervisory Board members in accordance with § 114 Stock Corporation Act (AktG). It exercises the powers arising out of § 112 Stock Corporation Act (AktG) in lieu of the Supervisory Board and – in cooperation with the Executive Board – ensures that long-term succession planning is in place. A systematic approach is taken in this regard and a list of potential candidates with their associated development periods is maintained, regularly updated and discussed by the committee in light of the diversity targets. This routinely constitutes an item for reporting and deliberation in the committee meetings and it is explored in detail – also in connection with the Executive Board's strategic objectives in the area of talent management.

The Nomination Committee was comprised of Mr. Torsten Leue (Chairman), Mr. Herbert Haas and Dr. Andrea Pollak until 6 May 2024. With the departure of Dr. Pollak on 6 May 2024, Dr. Lipowsky was elected to the committee. The committee is tasked with proposing to the Supervisory Board appropriate candidates for the nominations that it puts forward to the Annual General Meeting for election to the Supervisory Board. The committee did not meet in the year under review.

For further details of the activities of the Supervisory Board committees in the year under review, please see the explanatory remarks provided in the report by the Supervisory Board.

Targets pursuant to § 289f Para. 4 Sentence 1 in conjunction with Para. 2 No. 4 German Commercial Code (HGB)

Five members of the Supervisory Board of Hannover Rück SE were women until 6 May 2024. From 6 May 2024 onwards four members of the Supervisory Board were women. A woman chairs the Finance and Audit Committee and one serves as a member of the Supervisory Board's Nomination Committee and Standing Committee. The proportion of women serving on the Supervisory Board was therefore initially 56% in 2024, and after the Annual General Meeting on 6 May 2024 and the election of employee representatives it then amounted to 44%. This figure is thus in line with the target of 44% or four women set for the proportion of women serving on the Supervisory Board of Hannover Rück SE in the period from 1 July 2022 to 30 June 2027.

On the level of the Executive Board, the goal has hitherto been to appoint another woman as a member of the company's Executive Board by the year 2024. The target for the proportion of women on the Executive Board of Hannover Rück SE was set at 29% or two women by 30 June 2027. In 2024 two women served on the body, comprised of altogether nine members.

A target of 25% (corresponding to 26 women) has been set for the two levels of senior management below the Executive Board in the period from 1 July 2022 to 30 June 2027.

Diversity concept – Goals for the composition of the Executive Board and Supervisory Board as well as status of implementation (§ 289f Para. 2 Number 6 German Commercial Code (HGB)

Description of the diversity concept for the composition of the Executive Board and Supervisory Board and goals

When appointments are made to the Executive Board and Supervisory Board, Hannover Rück SE is guided by a number of considerations including the principle of diversity. Wide-ranging qualifications, expertise and experience on the part of the members of the Executive Board and Supervisory Board facilitate a nuanced evaluation of the opportunities and risks associated with business operations and enable balanced and professional actions and decisions to be taken on this basis. Due consideration is given to the aspect of diversity when members of the Executive Board and Supervisory Board are appointed. In addition to specialist and personal qualifications (competencies), this aspect encompasses in particular age, gender, internationality, education and professional career. With a view to ensuring that the concept of diversity is applied on an ongoing basis, an assessment is made in the context of every new appointment to the Executive Board or Supervisory Board as to whether the envisaged appointment is also in keeping with the diversity concept.

In selecting members of the Executive Board the goal is to ensure that the members have the skills and experience needed to properly perform their tasks. The Supervisory Board considers diversity in the composition of the Executive Board. The age limit for the Executive Board is set at 65. The members of the Executive Board are appointed by the Supervisory Board for a term of at most five years. Members of the Executive Board are initially appointed for no more than three years.

The composition of the Supervisory Board shall be such that overall its members are equipped with the knowledge, abilities and specialist experience necessary for proper performance of the tasks. The make-up of the Supervisory Board shall ensure that the Executive Board in an internationally operating, broadly positioned reinsurance group receives qualified supervision and advice from the Supervisory Board. The competency profile of the Supervisory Board is published in a skills matrix. Moreover, special attention is to be paid to the integrity, character, commitment, professionalism and independence of individuals put forward for election. In accordance with the Rules of Procedure for the Supervisory Board, for example, members of the Supervisory Board shall ensure that they have sufficient time at their disposal for their activities and that potential conflicts of interest are avoided. Furthermore, candidates shall be put forward to the Annual General Meeting for election to the Supervisory Board only if they will not have passed the age of 72 by the time of their election and – with effect from the election of the new Supervisory Board in 2014 – provided they have not sat on the Supervisory Board for more than three full consecutive terms of office.

With an eye to Hannover Re's international orientation, it is to be ensured that a sufficient number of members with long-standing international experience belong to the Supervisory Board. The goal is to at least maintain the currently existing international profile.

On the shareholder side, the Supervisory Board shall include an adequate number of members considered to be independent. At least one independent member must have expertise in accounting and in the auditing of financial statements.

In addition, the Supervisory Board bears responsibility for developing and implementing the diversity concept for the composition of the Executive Board and Supervisory Board and the associated reporting, or for providing an explanation if no such diversity concept is to be pursued.

Implementation approach and results achieved in the financial year

Diversity on the Supervisory Board and Executive Board continued to be a major focus in the 2024 financial year. Since the end of the Annual General Meeting on 6 May 2024 altogether four women have belonged to the Supervisory Board. Female members of the Supervisory Board sit on all Supervisory Board committees. The Finance and Audit Committee is chaired by a woman.

Furthermore, the Supervisory Board considers it important that an adequate number of Supervisory Board members are independent as defined by the German Corporate Governance Code (DCGK). The Supervisory Board has reached the assessment that the Supervisory Board members Mr. Harald Kayser, Dr. Alena Kouba, Dr. Ursula Lipowsky and Dr. Michael Ollmann are each to be considered independent in accordance with Recommendation C.6 of the German Corporate Governance Code as amended on 28 April 2022. A Supervisory Board member shall be considered independent within the meaning of this recommendation if they are independent of the company and its Management Board and independent of any controlling shareholder. Nor do any of the criteria restricting independence specified in Recommendation C.7 of the German Corporate Governance Code apply to any of the aforementioned candidates.

The age diversity on the Executive Board ranged from 52 to 64 in the 2024 financial year. On the Supervisory Board the age range was initially from 51 to 75, and then from 44 to 70 after 6 May 2024. There were two female members of the Executive Board in 2024.

Information on share-based payment is provided in subsection 9.3 of the notes **"Share-based payment"** and with respect to the members of the Executive Board in the remuneration report on the Hannover Re website: **Remuneration report↗**

In addition to the present Declaration on Corporate Governance, the Declaration of Conformity pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code and the associated reports of recent years are published on our website: **Corporate Governance↗**

Overview of qualifications of the members of the Supervisory Board of Hannover Rück SE in 2024 (valid: May 2024)

Members of the Supervisory Board		Leue	Haas[1]	Kouba	Kayser	Hundeshagen	Dr. Lipowsky[2]	Dr. Ollmann	Kaufmann	Kempff
Length of service	Member since	2018	2002	2024	2024	2019	2018	2019	2024	2024
Personal fitness		√	√	√	√	√	√	√	√	√
Diversity	Gender	Male	Male	Female	Male	Female	Female	Male	Male	Female
	Year of birth	1966	1954	1966	1966	1973	1958	1958	1980	1965
	Citizenship	German	German	Czech / Swiss	German	German	German	German	German	German
	Qualification	Trained banker, business administration graduate	Business administration graduate	Mathematician / statistician	Auditor / tax adviser	Graduate in law	Fully qualified in law	Business administration graduate	Commercial lawyer	Mathematician
Expertise / professional competence[4]										
Investing		√	√	√			√	√		
Underwriting		√	√	√	√	√	√	√	√	√
Accounting / auditing of financial statements		√	√	√	√	√	√	√	√	
Internationality		√	√	√	√	√	√	√	√	
M&A		√	√				√	√		
RIsk management		√	√		√		√	√		
Compliance		√	√	√	√	√	√	√	√	
Personnel		√	√	√	√	√	√	√	√	√
IT / digitalisation		√	√	√	√	√	√		√	
ESG (Environmental, Social, Governance)		√	√	√			√		√	
Internal model		√	√				√	√		

[1] Has expert knowledge in the field of auditing financial statements pursuant to § 100 Para. 5 Stock Corporation Act (AktG) ("financial expert").
[2] Has expert knowledge in the field of accounting pursuant to § 100 Para. 5 Stock Corporation Act (AktG) ("financial expert").
[3] Expert in the field of ESG (Environmental, Social, Governance).
[4] Evaluation based on annual self-assessment (2023). On a rating scale from A to E √ corresponds to an evaluation of at least B ("sound knowledge" or "good knowledge")

Outlook

Forecast

- Group net income of around EUR 2.4 billion expected
- Property and casualty reinsurance: Reinsurance revenue (gross) expected to grow by more than 7% adjusted for exchange rate effects
- Property and casualty reinsurance: Combined ratio of less than 88%
- Life and health reinsurance: Growth of around 2% in the contractual service margin (net); reinsurance service result of more than EUR 875 million
- Return on investment target of at least 3.2% for assets under own management

Economic developments

Global economy

In the assessment of the Organisation for Economic Co-operation and Development (OECD), the global economy will continue to show the robust development of recent years in 2025. The OECD forecasts global gross domestic product (GDP) to increase by 3.3% compared to 2024. Inflation will likely fall to the level targeted by central banks. As inflation slows, central banks are expected to further ease their monetary policy. The OECD notes that the overall robust development nevertheless conceals wide disparities between regions and countries. Furthermore, its projections are subject to considerable downside risks and uncertainties.

In international trade, an important engine of global growth, the OECD believes that increasing trade tensions and protectionist efforts may disrupt supply chains as well as driving up consumer prices and hampering growth. There is also a risk that escalating geopolitical tensions and conflicts could upset trade and energy markets and push energy prices higher. A further risk, in the OECD's view, derives from the persistently high level of government debt. The growing pressure from rising defence spending, an ageing population as well as the ecological transformation and energy transition will exacerbate the headwinds confronting fiscal policy. The strained budgetary situation may jeopardise the ability of governments to respond to future crises.

The OECD sees policy as playing a key role in managing risks and leveraging opportunities for sustainable growth. There is a need for decisive political actions, including bold structural reforms, multilateral dialogue and a concerted approach in monetary, fiscal and structural policy. Even though the labour deficit has eased somewhat, shortages continue to affect many areas of national economies.

Grown in gross domestic product (GDP)

in %	2024 (provisional calculation)	2025 (forecast)	2026 (forecast)
World	3.2	3.3	3.3
USA	2.8	2.4	2.1
Europe			
Eurozone	0.8	1.3	1.5
Germany	0.0	0.7	1.2
France	1.1	0.9	1.0
UK	0.9	1.7	1.3
Asia			
China	4.9	4.7	4.4
Japan	-0.3	1.5	0.6
Australia	1.1	1.9	2.5

Source: OECD Economic Outlook, Volume 2024, Issue 2

Capital markets

In 2025, current and looming geopolitical circumstances and their impacts on global energy, commodity and food supplies as well as the availability of advanced technology will continue to have a marked influence on capital markets. It will be especially important to evaluate the extent to which emerging geopolitical tensions after several new elections in key Western countries will fuel tendencies towards deglobalisation and the formation of blocs. Inflation will likely remain a major influencing factor for capital markets in 2025, although levels are expected to be lower than in recent years. Particularly where potentially stubborn core inflation is concerned, central bank policy will be pivotal for the economy and capital markets alike. Central banks will again have to manage the difficult balancing act of keeping inflation in check while at the same time still allowing sufficient impetus for economic momentum. Against this backdrop, world markets are developing at a significantly different tempo to that seen in the recent past.

Along with the progressive march of digitalisation and the ongoing development and implementation of artificial intelligence, the necessary efforts to bring greater efficiency to the supply of energy and raw materials and the reduction of dependencies in the field of high tech will likely have positive effects on the economy. On capital markets, developments across global economic areas will likely be mixed. We believe the United States has an edge on the Eurozone, because the former will benefit from the partial fulfilment of election promises and growth in real wages over the short term. The Eurozone, on the other hand, will be held back by US tariffs and resulting trade conflicts as well as by sometimes ambivalent political landscapes in major economies and frictions as part of structural change processes. China's growth will continue to be slowed by the real estate crisis and soft domestic demand. Overall, a somewhat lower interest rate level for short-term investments and increased volatility affecting equity and credit markets as well as long-term interest rates are to be anticipated. Markets for alternative and real asset classes should show greater stability again. If medium- and long-term rates come down significantly over the course of the year, however, it is more likely that renewed upward pressure on valuations can be expected in these asset classes. On the consumption side, we see upside potential thanks to rising real wages both in the United States and Europe. Investment demand in the goods sector will probably remain stable or rise in the United States, while in Europe it will tend to be muted; in the service sector, on the other hand, it should continue to develop positively.

As a consequence of the unusual capital market constellations seen in recent years and prevailing geopolitical tensions, market players find themselves no longer able to take their lead consistently from fundamentals, with capital markets increasingly affected by non-traditional – otherwise known as idiosyncratic – influencing factors as well.

Insurance industry

The reinsurance broker Aon expects the reinsurance market to remain broadly attractive for both insurers and reinsurers in 2025.

In Aon's assessment, the industry is facing not only geopolitical and economic uncertainties, but also the challenge of countering its diminishing relevance. In order to strengthen their resilience worldwide, reinsurers could enter new markets and expand the coverage offered by existing products. It is Aon's expectation that demand for reinsurance will remain high, driven by increased exposures, model changes, pressure from rating agencies and the need to manage complex risks. Among the existing classes of business, Aon sees demand in mortgage reinsurance, agricultural risks and specialty lines such as cyber. The cyber market is expected to double by 2029.

Property and casualty reinsurance

Overview

The treaty renewals in property and casualty reinsurance as at 1 January 2025 once again passed off successfully. Hannover Re boosted the premium income in traditional property and casualty reinsurance by 7.6% on an underwriting-year basis. The good quality of the renewed business was sustained, and a moderate, average inflation- and risk-adjusted price decrease of 2.1% was recorded.

Treaties with a premium volume of EUR 10.3 billion were up for renewal on 1 January 2025, corresponding to 59% of the business in traditional property and casualty reinsurance (excluding facultative and structured reinsurance and ILS business).

Hannover Re renewed a premium volume of EUR 9,304 million, while treaties worth EUR 950 million were cancelled. Together with increases of EUR 1,734 million from new treaties and from changes in prices and treaty shares, the total renewed premium volume grew to EUR 11,038 million.

Prices were generally stable or moved slightly lower. Reinsurance prices are still commensurate with the risks, although competition intensified – especially under loss-free treaties – and led to price reductions in particularly competitive lines. At the same time, however, conditions and retentions extensively remained stable.

Expectations for the development of individual markets and lines in property and casualty reinsurance are described in greater detail below.

Regional markets

In markets across **Europe** we achieved prices and conditions in the 1 January 2025 treaty renewals that were still mostly commensurate with the risks. An increased supply of reinsurance capacity nevertheless led to rate erosion in some areas, while conditions remained good.

The combined ratio in property and casualty lines in Germany has been on a consistently high level for some years now. This produces at best mediocre technical results overall in the German primary insurance market. For 2025, further very vigorous premium growth is expected in motor insurance that will probably reach the low double digits. With rehabilitation efforts ongoing, positive technical results are achievable in motor insurance from 2026 onwards. Earnings expectations for the German insurance industry have nevertheless improved overall in property and casualty business due to the actions that have been taken.

In **North America**, further favourable adjustments were secured for loss-impacted business in the 1 January 2025 treaty renewals following the improvements in conditions over the past years. Unlike in the previous year, the improvements were more marked in liability lines than in property lines, where widespread rate erosion was evident in loss-free business on account of increased capacities in the market. For 2025, we expect the business written to deliver a stable margin on a continued high level. The wildfires in and around Los Angeles will likely have a positive effect on property insurance renewals during the year. In view of sustained natural catastrophe losses caused by hurricanes, floods and droughts, rising demand for reinsurance covers is anticipated in **Latin America**.

In the **Middle East** and on the retakaful market in **Southeast Asia**, we see continuing increased demand for reinsurance covers. It is our expectation that our premium volume in retakaful business will show moderate growth overall.

In the **Asia-Pacific** region, we anticipate broadly stable market conditions and sustained intense competition in most geographies. Further price increases can be expected in regions impacted by natural disasters. While we are seeking to maintain our strong market position in traditional property and casualty business, we aspire to play a stronger role in the region's market for catastrophe covers so as to cater to the increasing frequency of natural disasters and the large protection gaps that still remain. Furthermore, in view of an evolving customer landscape, we see increasing opportunities to offer integrated reinsurance solutions.

Worldwide markets

With continued strong demand for solutions designed to provide capital relief, we benefited from our leading market position in **structured reinsurance**. In the area of **insurance-linked securities (ILS)** we anticipate rising demand over the long term as investors seek greater diversification of their investments. We respond to this need by offering individually tailored solutions for the transfer of property and life reinsurance risks to the capital market.

In **facultative reinsurance** we similarly anticipate sustained attractive market conditions and growth potential for 2025, with our focus on established regions and lines that deliver an above-average profit contribution.

In view of the geopolitical and economic headwinds, it is to be expected that loss ratios – which have been comparatively low to date – will increase modestly in the **credit, surety and political risks** lines and prices will essentially hold stable on both the insurance and reinsurance side.

Further attractive opportunities are anticipated in our **cyber and digital business**, increasingly extending to regions outside North America as well. This will help us to further improve the diversification of our portfolio.

The various rounds of treaty renewals in **aviation and marine insurance** during 2025 are expected to bring stable or slightly lower prices, with conditions otherwise unchanged.

We are looking to consolidate our portfolio of **agricultural risks** for 2025 on the back of rising demand for agricultural covers. It is our expectation that prices and conditions will continue to hold stable.

Life and health reinsurance

The prospects for 2025 are extremely favourable, with new business opportunities opening up worldwide. Particularly in **financial solutions** and **longevity** business, demand is strong and rising globally. We similarly expect a positive development in business with **mortality and morbidity solutions**.

Digitalisation and innovation are important to our cedants. We, too, are continuing to evolve in these areas. With increasingly more efficient solutions, automated application and claim notification processes and new (re)insurance offerings, we are adjusting to the changing requirements of the markets and our customers. Furthermore, catering to the needs of consumers will continue to be a major product feature for insurers and reinsurers alike. This is especially true of life insurance products, which are being expanded to a broader range of treatments.

Investments

Given the prevailing geopolitical and economic landscape, we shall continue to invest major parts of our asset holdings conservatively. In particular, we see very high valuations in certain regions and sectors of the credit and equity markets. We are nevertheless monitoring markets very closely with an eye to entry opportunities commensurate with the risks and we shall continue to attach great importance to broad diversification. By maintaining the most neutral possible modified duration relative to the expected maturities of the liabilities, we shall ensure that the interest rate risk remains tightly managed.

The operating cash flow generated by the expected favourable development of business should be reflected in an enlarged asset portfolio and hence have a positive effect on investment income. Despite declines in the reporting period, the interest rates on short-term investments expected for 2025 in our main currency areas will also be beneficial in this respect. Following the increases seen in the previous reporting period, interest rates in the medium and longer maturity segment are also on a higher level than the medium-term average, which will likely have similarly positive implications.

We shall keep up our investments in products offering attractive credit spreads and increase our positions opportunistically in some cases. We also intend to moderately expand the portfolio of real assets or the financing of such asset classes. In so doing, we shall maintain a particular focus going forward – as in the past – on attractive risk-return profiles against the backdrop of the existing interest rate landscape. We similarly intend to selectively grow our exposure, as appropriate, to the areas of private equity and emerging markets.

If the valuation levels of listed equities experience significant corrections and stabilise, we are prepared to build a moderate portfolio of listed equities.

In terms of inflation, we expect the measured indices to show less momentum than in prior years, leading to a lower return from the amortisation of our inflation-linked bonds.

Due to application of the accounting standard IFRS 9, it remains our expectation that the investment result will show increased market-driven volatility and somewhat reduced predictability. This is because the fair value changes of a significantly larger part of the investments are required to be recognised directly in profit or loss.

Outlook for the 2025 financial year

In view of the continued positive market climate for reinsurers, Hannover Re expects Group net income to grow to around EUR 2.4 billion for the 2025 financial year.

Reinsurance revenue (gross) in property and casualty reinsurance should increase by more than 7% based on constant exchange rates. In addition, Hannover Re expects a combined ratio of less than 88% in this business group.

In life and health reinsurance, the contractual service margin (net) is expected to grow by around 2%. Furthermore, Hannover Re anticipates a reinsurance service result (net) of more than EUR 875 million in this business group.

In view of the expected positive cash flow that we generate from the technical account and the investments themselves, and assuming roughly stable exchange rates and interest rate levels, our portfolio of investments should continue to show moderate growth. The return on investment should reach at least 3.2%.

In response to the growth in the book of property and casualty reinsurance and the further increase in the loss expectancy from natural catastrophes, Hannover Re has raised its net large loss budget for 2025 to EUR 2.1 billion (EUR 1.825 billion).

Achievement of the earnings guidance for 2025 is based on the premise that large loss expenditure does not significantly exceed this budgeted level and assumes that there are no unforeseen distortions on capital markets.

Financial ambition over the strategy cycle 2024–2026

In the current strategy cycle 2024–2026 Hannover Re has set itself the following financial ambitions: we want to achieve a return on equity of more than 14% annually on average and growth of more than 5% in the operating result (EBIT). The contractual service margin (net) is planned to grow by more than 2% per year on average across the cycle. Furthermore, a capital adequacy ratio under Solvency II of more than 200% is targeted for the Hannover Re Group.

The increasing earnings anticipated across the strategy cycle will support further growth in the ordinary dividend. In the years 2024–2026 the ordinary dividend is expected to increase year-on-year. The ordinary dividend will be supplemented by a special dividend provided the capitalisation exceeds the capital required for future growth.

Consolidated financial statements

Consolidated balance sheet as at 31 December 2024

Assets

in EUR million	Notes	31.12.2023	31.12.2024
Financial investments – at fair value through OCI	6.1	50,619.1	56,140.0
Financial investments – at fair value through profit or loss	6.1	3,954.1	6,432.8
Investment property	6.1	2,536.5	2,605.2
Investments in associated companies and joint ventures	6.1	2,056.2	119.1
Other invested assets	6.1	963.0	591.1
Total investments		**60,128.9**	**65,888.2**
Reinsurance recoverables on liability for incurred claims	6.4	2,231.4	2,566.1
Reinsurance recoverables on liability for remaining coverage	6.4	-705.5	-1,064.6
Recoverables on reinsurance contracts retroceded		**1,525.9**	**1,501.5**
Reinsurance contracts issued in an asset position	6.4	1,019.8	1,505.7
Goodwill	6.2	78.0	79.9
Deferred tax assets	7.5	627.9	501.5
Other assets [1]	6.3	1,229.8	1,357.0
Cash and cash equivalents		1,054.8	1,253.1
Assets held for sale	6.1	—	40.4
Total assets		**65,665.1**	**72,127.3**

[1] Adjusted, cf. section 3.1 of the notes

Liabilities

in EUR million	Notes	31.12.2023	31.12.2024
Liability for incurred claims (LIC)	6.4	46,214.1	50,486.9
Liability for remaining coverage (LRC)	6.4	-1,974.7	-1,569.3
Liabilities from reinsurance contracts issued	**6.4**	**44,239.4**	**48,917.6**
Reinsurance contracts retroceded in a liability position	6.4	698.9	656.3
Provisions for pensions	6.5	164.3	155.4
Financing liabilities	6.7	4,875.5	4,669.0
Taxes	7.5	225.9	603.9
Deferred tax liabilities	7.5	2,097.3	1,797.4
Other liabilities [1]	6.6	2,344.3	2,639.4
Total liabilities		**54,645.6**	**59,439.0**
Shareholders' equity			
Common shares	6.8	120.6	120.6
Nominal value: 120.6 Conditional capital: 24.1			
Additional paid-in capital	6.8	724.6	724.6
Common shares and additional paid-in capital		**845.2**	**845.2**
Cumulative other comprehensive income			
Unrealised gains and losses on investments		-1,985.1	-1,997.4
Cumulative foreign currency translation adjustment		160.5	667.5
Cumulative reinsurance finance income and expenses		2,026.3	1,712.0
Other changes in cumulative other comprehensive income		-44.1	-27.9
Total other comprehensive income		**157.6**	**354.2**
Retained earnings		9,124.0	10,595.1
Equity attributable to shareholders of Hannover Rück SE		**10,126.8**	**11,794.5**
Non-controlling interests	6.9	892.7	893.8
Total shareholders' equity		**11,019.5**	**12,688.3**
Total liabilities		**65,665.1**	**72,127.3**

[1] Adjusted, cf. section 3.1 of the notes

Consolidated statement of income 2024

in EUR million	Notes	2023 1.1.-31.12.	2024 1.1.-31.12.
Reinsurance revenue (gross)	7.1	24,456.5	26,379.3
Reinsurance service expenses (gross)		20,802.1	21,698.2
Reinsurance service result (gross)		**3,654.4**	**4,681.1**
Reinsurance revenue (retroceded)		3,370.3	3,343.8
Reinsurance service expenses (retroceded)		1,374.2	1,681.2
Result from reinsurance contracts (retroceded)		**-1,996.1**	**-1,662.6**
Reinsurance service result (net)		**1,658.3**	**3,018.5**
Finance income or expenses from reinsurance contracts (gross)	7.3	-360.9	-2,035.9
Finance income or expenses from reinsurance contracts (retroceded)	7.3	-23.7	41.5
Reinsurance finance result (net)		**-384.6**	**-1,994.4**
thereof: Currency gains/losses from reinsurance finance result (net) [1]		495.7	-879.4
Reinsurance finance result (net) before currency gains/losses [1]		**-880.3**	**-1,115.0**
Ordinary investment income	7.2	1,981.5	2,353.2
Expected credit losses, impairment, depreciation and appreciation of investments	7.2	-155.8	-98.3
Change in fair value of financial instruments	7.2	76.0	2.7
Profit/loss from investments in associated companies and joint ventures	7.2	16.3	27.4
Realised gains and losses on investments	7.2	-153.9	-90.4
Other investment expenses	7.2	175.9	189.6
Investment result		**1,588.2**	**2,005.0**
Currency gains/losses on investments		-450.5	809.4
Currency gains/losses from reinsurance finance result (net) [1]		495.7	-879.4
Other currency gains/losses		41.5	-38.0
Currency result [1]		**86.7**	**-108.0**
Other income	7.4	233.1	279.5
Other expenses	7.4	714.8	762.4
Other income/expenses		**-481.7**	**-482.9**
Operating profit/loss (EBIT)		**1,971.2**	**3,317.6**
Financing costs	6.7	117.2	104.3
Net income before taxes		**1,854.0**	**3,213.3**
Taxes	7.5	26.4	816.5
Net income		**1,827.6**	**2,396.8**
Non-controlling interest in profit and loss		2.8	68.1
Group net income		**1,824.8**	**2,328.7**
Basic earnings per share	9.5	15.13	19.31
Diluted earnings per share	9.5	15.13	19.31

[1] In order to clarify the matching currency coverage of the technical liabilities by investments, the currency effects are initially eliminated from the reinsurance finance result within the meaning of IFRS 17 and subsequently reported in the net currency result

Consolidated statement of comprehensive income 2024

in EUR million	2023	2024
	1.1.–31.12.	1.1.–31.12.
Net income	**1,827.6**	**2,396.8**
Not reclassifiable to the consolidated statement of income		
Actuarial gains and losses	-13.6	8.4
Investments in equity instruments	78.7	27.7
Changes from the measurement of associated companies and joint ventures	-0.1	—
Currency translation	-7.0	—
Tax income (expense)	3.0	-3.0
Total not reclassifiable to the consolidated statement of income	**61.0**	**33.1**
Reclassifiable to the consolidated statement of income		
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	1,501.4	-178.6
Transferred to the consolidated statement of income	153.9	83.6
Currency translation		
Gains (losses) recognised directly in equity	-409.4	515.9
Transferred to the consolidated statement of income	3.2	—
Changes from insurance contracts		
Gains (losses) recognised directly in equity	-1,196.6	-533.6
Changes from the measurement of associated companies and joint ventures		
Gains (losses) recognised directly in equity	-20.9	20.4
Transferred to the consolidated statement of income	—	0.5
Changes from hedging instruments		
Gains (losses) recognised directly in equity	2.8	12.2
Tax income (expense)	-116.2	227.2
Total reclassifiable income and expense recognised directly in equity	**-81.8**	**147.6**
Total income and expense recognised directly in equity	**-20.8**	**180.7**
Total recognised income and expense	**1,806.8**	**2,577.5**
thereof		
Attributable to non-controlling interests	13.8	34.8
Attributable to shareholders of Hannover Rück SE	1,793.0	2,542.7

Consolidated statement of changes in shareholder's equity 2024

in EUR million	Common shares	Additional paid-in capital	Other reserves (cumulative other comprehensive income)					Retained earnings	Equity attributable to shareholders of Hannover Rück SE	Non-controlling interests	Total shareholders' equity
			Unrealised gains/losses	Currency translation	Insurance contracts	Hedging instruments	Actuarial gains/losses				
Balance as at 1.1.2023	**120.6**	**724.6**	**-3,154.0**	**509.0**	**2,871.1**	**0.2**	**-36.6**	**8,024.8**	**9,059.7**	**897.2**	**9,956.9**
Net income	—	—	—	—	—	—	—	1,824.8	1,824.8	2.8	1,827.6
Total income and expense recognised directly in equity	—	—	1,168.9	-348.5	-844.5	1.0	-8.7	—	-31.8	11.0	-20.8
Total recognised income and expense	**—**	**—**	**1,168.9**	**-348.5**	**-844.5**	**1.0**	**-8.7**	**1,824.8**	**1,793.0**	**13.8**	**1,806.8**
Dividends paid	—	—	—	—	—	—	—	-723.6	-723.6	-45.0	-768.6
Changes in ownership interest with no change of control status	—	—	—	—	-0.3	—	—	-2.0	-2.3	-0.4	-2.7
Capital increases/additions	—	—	—	—	—	—	—	—	—	27.1	27.1
Balance as at 31.12.2023	**120.6**	**724.6**	**-1,985.1**	**160.5**	**2,026.3**	**1.2**	**-45.3**	**9,124.0**	**10,126.8**	**892.7**	**11,019.5**
Balance as at 1.1.2024	**120.6**	**724.6**	**-1,985.1**	**160.5**	**2,026.3**	**1.2**	**-45.3**	**9,124.0**	**10,126.8**	**892.7**	**11,019.5**
Net income	—	—	—	—	—	—	—	2,328.7	2,328.7	68.1	2,396.8
Total income and expense recognised in equity	—	—	5.1	507.0	-314.3	11.2	5.0	—	214.0	-33.3	180.7
Total recognised income and expense	**—**	**—**	**5.1**	**507.0**	**-314.3**	**11.2**	**5.0**	**2,328.7**	**2,542.7**	**34.8**	**2,577.5**
Dividends paid	—	—	—	—	—	—	—	-868.3	-868.3	-44.8	-913.1
Changes in ownership interest with no change of control status	—	—	—	—	—	—	—	-6.5	-6.5	-3.5	-10.0
Changes in the consolidated group	—	—	0.2	—	—	—	—	-0.2	—	—	—
Directly reclassified to retained earnings	—	—	-17.6	—	—	—	—	17.6	—	—	—
Capital increases/additions	—	—	—	—	—	—	—	—	—	16.3	16.3
Capital repayments	—	—	—	—	—	—	—	—	—	-1.7	-1.7
Acquisition/disposal of treasury shares	—	—	—	—	—	—	—	-0.2	-0.2	—	-0.2
Balance as at 31.12.2024	**120.6**	**724.6**	**-1,997.4**	**667.5**	**1,712.0**	**12.4**	**-40.3**	**10,595.1**	**11,794.5**	**893.8**	**12,688.3**

Consolidated cash flow statement 2024

in EUR million	2023	2024
	1.1.–31.12.	1.1.–31.12.
I. Cash flow from operating activities		
Net income	1,827.6	2,396.8
Change in insurance contracts (gross)	3,853.1	2,856.7
Change in reinsurance contracts held (retroceded)	1,170.5	19.8
Change in other receivables/liabilities	449.8	855.0
Other non-cash expenses and income	-1,515.5	-446.4
Cash flow from operating activities	**5,785.5**	**5,681.9**
II. Cash flow from investing activities		
Outflows for acquisition of investment property	-413.0	-202.6
Inflows from disposal of investment property	2.5	28.7
Outflows for acquisition of investments in affiliated companies and participating interests (not consolidated)	-91.6	-128.6
Inflows from disposal of investments in affiliated companies and participating interests (not consolidated)	2.8	161.8
In- / Outflows for acquisition of investments in affiliated companies and participating interests (consolidated)	—	90.4
Outflows for acquisition of investments valued at FV through OCI	-22,422.0	-24,553.4
Inflows from disposal of investments valued at FV through OCI	19,386.6	20,822.8
Outflows for acquisition of investments valued at FV through P&L	-3,341.5	-3,547.4
Inflows from disposal of investments valued at FV through P&L	2,834.0	2,742.4
Short-term Investments (net)	-128.3	44.1
Outflows for acquisition of other invested assets	-5,921.0	-3,457.5
Inflows from disposal of other invested assets	5,611.2	3,627.2
Other changes	-29.5	-40.0
Cash flow from investing activities	**-4,509.8**	**-4,412.1**
III. Cash flow from financing activities		
Cash inflow from financing liabilities/financial/puttable instruments	361.3	—
Cash outflow from financing liabilities/financial/puttable instruments	-1,118.6	-196.3
Cash inflow from capital measures	27.1	16.3
Cash outflow from capital measures	—	-1.7
Changes in interests in a subsidiary that do not result in a loss of control	-2.6	-10.0
Cash outflow from dividends	-768.6	-913.1
Other changes from financing activities	—	-0.2
Cash flow from financing activities	**-1,501.4**	**-1,105.0**

in EUR million	2023	2024
	1.1.–31.12.	1.1.–31.12.
IV. Exchange rate differences on cash	**-42.7**	**33.5**
Cash and cash equivalents at the beginning of the period	**1,323.2**	**1,054.8**
Change in cash and cash equivalents (I. + II. + III. + IV.)	**-268.4**	**198.3**
Cash and cash equivalents at the end of the period	**1,054.8**	**1,253.1**
Supplementary information on the cash flow statement [1]		
Income taxes paid (on balance)	-320.8	-361.6
Dividend receipts [2]	82.3	152.6
Interest received	1,861.8	2,194.6
Interest paid – recognised in the cash flow from operating activities	-210.9	-187.9
Interest paid – recognised in the cash flow from financing activities	-130.9	-114.8

[1] The income taxes paid, dividend received as well as interest received are included entirely in the cash flow from operating activities.
[2] Including dividend-like profit participations from investment funds

Notes to the consolidated financial statements 2024

1. Company information

Hannover Rück SE and its subsidiaries (collectively referred to as the "Hannover Re Group" or "Hannover Re") transact all lines of property & casualty and life & health reinsurance. Hannover Re is one of the world's leading reinsurance groups, with a network consisting of more than 180 subsidiaries, affiliates, branches and representative offices and a total workforce of roughly 3,900. The Group's German business is conducted by the subsidiary E+S Rückversicherung AG. Hannover Rück SE is a European Company, Societas Europaea (SE), which has its registered office at Karl-Wiechert-Allee 50, 30625 Hannover, Germany, and is entered in the commercial register of Hannover County Court under the number HR Hannover B 6778. Hannover Re is 50.2% (rounded) owned by Talanx AG, Hannover, and included in the latter's consolidated financial statements. Talanx AG is majority-owned by HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover (HDI).

2. Accounting principles

Hannover Rück SE and its subsidiaries are required to prepare a consolidated financial statement and group management report in accordance with § 290 German Commercial Code (HGB).

Pursuant to EU Regulation (EC) No. 1606/2002, the present consolidated financial statement and group management report of Hannover Re have been drawn up in accordance with the International Financial Reporting Standards (IFRS) that are to be applied within the European Union. In addition, we have made allowance for the regulations that are also applicable pursuant to § 315e Para. 1 German Commercial Code (HGB) and the supplementary provisions of the Statute of Hannover Re.

Hannover Rück Beteiligung Verwaltungs-GmbH and FUNIS GmbH & Co. KG, both subsidiaries of Hannover Rück SE, made use of the option to be exempted from disclosure pursuant to § 264 Para. 3 German Commercial Code (HGB) and § 264b German Commercial Code (HGB).

The consolidated financial statement reflects all IFRS in force as at 31 December 2024 as well as all interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), application of which was mandatory for the year under review. IFRS 17.121 et seq. "Insurance Contracts" requires disclosures on the nature and extent of risks stemming from reinsurance contracts, while IFRS 7.31-42 "Financial Instruments: Disclosures" requires similar information on risks from financial instruments. Furthermore, § 315 Para. 2 Number 1 German Commercial Code (HGB) also contains requirements for insurance undertakings with regard to information on the management of underwriting and financial risks that is to be provided in the management report. The disclosures resulting from these requirements are included in the risk report. With regard to the disclosures required by IFRS 17 and IFRS 7, we would refer in particular to our remarks in the subsection **"Underwriting risks in property and casualty reinsurance / Underwriting risks in life and health reinsurance"** and the subsection **"Market risks"** respectively. We do not present identical disclosures in the notes. In order to obtain a comprehensive overview of the risk situation to which Hannover Re is exposed, it is therefore necessary to consider both the risk report and the relevant information in the notes. For the sake of better orientation, we refer the reader accordingly to the corresponding remarks in the risk report and the notes.

The declaration of conformity required pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code has been submitted and, as described in the Declaration of the Executive Board regarding the Corporate Governance of the Company, made permanently available on the Hannover Re website.

The annual financial statements included in the consolidated financial statement were for the most part drawn up as at 31 December. Pursuant to IFRS 10 "Consolidated Financial Statements", there was no requirement to compile interim accounts for Group companies with diverging reporting dates because their closing dates were no earlier than three months prior to the closing date for the consolidated financial statement. Insofar as no interim accounts were drawn up, allowance has been made for the effects of significant transactions between the diverging reporting dates and the closing date for the consolidated financial statement.

The annual financial statements of all companies were drawn up in accordance with standard Group accounting and measurement rules pursuant to IFRS.

The consolidated financial statement was drawn up in euros (EUR); the amounts shown have been rounded to EUR millions. Unless otherwise explicitly indicated, amounts in brackets refer to the previous year.

Hannover Re is publishing its consolidated financial statement as at 31 December 2024 in accordance with the provisions of the German ESEF Implementation Act (ESEF = European Single Electronic Format).

The present consolidated financial statement was released for publication by a resolution of the Executive Board on 10 March 2025.

New accounting standards or accounting standards applied for the first time

In connection with the introduction of global minimum taxation, the IASB issued "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules"" in May 2023 after the OECD had previously released the Pillar Two Model Rules (Global Anti-Base Erosion Proposal, GloBE). The amendments to IAS 12 introduce a temporary, mandatory exception to accounting for deferred taxes related to implementation of the Pillar Two Model Rules together with certain disclosure requirements. Hannover Re makes use of the exception, is currently implementing the Pillar Two rules and fulfils the new disclosure requirements accordingly. For further information we refer to our remarks in section **7.5 "Taxes on income"**.

In addition, the following amendments to existing standards were applicable for the first time in the reporting period. These amendments did not have any significant implications for the consolidated financial statement:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

Standards and changes in standards that have not yet entered into force or are not yet applicable

In May 2024 the IASB issued “Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)”. These amendments address specific matters that were identified during the post-implementation review of the classification and measurement requirements of IFRS 9 “Financial Instruments”. The amendments are effective retrospectively for reporting periods beginning on or after 1 January 2026 and have still to be endorsed by the EU.

In April 2024 the IASB issued IFRS 18 “Presentation and Disclosure in Financial Statements”. The standard replaces the previous IAS 1 “Presentation of Financial Statements”. IFRS 18 introduces defined subtotals and categories in the statement of income and sets out requirements to improve the aggregation or disaggregation of items presented in financial statements. In addition, requirements for disclosures in the notes on “management-defined performance measures” (MPMs) are formulated and targeted improvements to the cash flow are made through amendment of IAS 7 “Statement of Cash Flows”. The standard is to be applied retrospectively for annual reporting periods beginning on or after 1 January 2027 and has still to be endorsed by the EU.

In addition to the rules described above, the IASB has issued the standards, interpretations and amendments to existing standards listed below with possible implications for the consolidated financial statement of Hannover Re, application of which was not yet mandatory for the year under review and which are not being applied early by Hannover Re. Initial application of these new standards is not expected to have any significant implications for Hannover Re’s net assets, financial position or results of operations:

Further IFRS Amendments and Interpretations

Publication	Title	Initial application to annual periods beginning on or after the following date:
August 2023	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025 (EU endorsement 12 November 2024)
May 2024	IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027 (still to be endorsed by the EU)
July 2024	Annual Improvements Volume 11	1 January 2026 (still to be endorsed by the EU)
December 2024	Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026 (still to be endorsed by the EU)

3. Accounting policies

3.1. Summary of major accounting policies

Classification of contracts: IFRS 17 “Insurance Contracts" establishes a comprehensive accounting framework for the recognition, measurement and disclosure of insurance contracts. In addition, IFRS 17 requires extensive new disclosures in the notes. The standard is to be applied to insurance contracts written (“insurance contracts issued”, including reinsurance contracts written/issued), reinsurance contracts held (“insurance contracts ceded”) and reinsurance contracts retroceded (“retrocession contracts held”, “retrocessions”) as well as investment contracts with discretionary participation features. Unless otherwise explicitly indicated, the term “insurance” includes reinsurance in the following explanatory remarks.

A contract is to be classified as a reinsurance contract issued or as a reinsurance contract held pursuant to FRS 17 if a significant insurance risk is thereby assumed or transferred. These contract types are treated according to the same rules, irrespective of whether the contracts were issued, acquired in connection with a merger or acquired as part of a transfer of contracts that do not constitute business operations. Contracts that may take the legal form of an insurance contract but do not transfer any significant insurance risk are classified as investment contracts. The recognition and measurement of such contracts follows the rules for the recognition of financial instruments according to IFRS 9 “Financial Instruments”.

Before a contract is recognised pursuant to IFRS 17, we check whether the contract contains components that are to be separated and recognised separately according to the provisions applicable to them. Hannover Re’s business largely contains two categories of such components:

- cash flows related to embedded derivatives to be recognised separately under IFRS 9;
- cash flows related to distinct investment components that are similarly to be recognised under IFRS 9.

Financial instruments are recognised and derecognised on acquisition or sale at the fulfilment date pursuant to IFRS 9. **Financial assets** are classified on acquisition according to the cash flow characteristics of the financial instruments, on the one hand, and according to the business model used to manage the financial instruments, on the other. On the basis of these two criteria, financial instruments are allocated to one of three measurement categories, namely in the business model “hold” at amortised cost (AC), in the business model “hold and sell” at fair value through other comprehensive income (FVOCI) or in the business model “trading” at fair value through profit or loss (FVPL). In general, the business model “hold” is no longer applicable to Hannover Re. In view of the nature of reinsurance business, the bulk of our portfolio of debt instruments is allocated to the business model “hold and sell”. A large part of the financial instruments shown in the investments is therefore classified in the category “fair value through other comprehensive income”.

Financial liabilities are classified either as financial instruments at fair value through profit or loss or as financial instruments measured at amortised cost. For further information we would refer to our separate explanatory remarks in this section.

Debt instruments held are recognised at **amortised cost (AC)** and measured in subsequent periods at amortised cost using the effective interest rate method if the financial asset is held within a business model whose objective is collecting cash flows and the contractual cash flows consist of solely payments of principal and interest (SPPI). This business model is applied only in exceptional cases in the Hannover Re Group.

Debt instruments are classified as financial instruments at **fair value through other comprehensive income (FVOCI)** if the financial asset is held within a business model whose objective is both collecting contractual cash flows and selling the financial asset and the contractual cash flows meet the SPPI criterion. Financial assets classified in the FVOCI category are measured at fair value, with all changes in fair value recognised in OCI allowing for accrued interest and deferred taxes and disclosed in shareholders' equity under the other reserves. Premiums and discounts are spread across the maturity using the effective interest rate method. A large part of Hannover Re's investments fall under the business model with the objective of collecting cash flows and selling, because the investments are predominantly used to cover underwriting risks and sales are therefore influenced by the servicing of these obligations.

There is an option to designate equity instruments as FVOCI on initial recognition, without recycling to profit and loss. In this case, changes in fair value are recognised directly in OCI and not recycled to P&L even on disposal. As a general principle, Hannover Re exercises this option for equities and unconsolidated participations.

The **financial instruments measured at fair value through profit or loss (FVPL)** include all equity instruments that were not designated as FVOCI without subsequent recycling to profit and loss as well as all debt instruments whose cash flows do not meet the SPPI test based on their cash flow characteristics or are not held within the business models whose objective is collecting contractual cash flows or collecting cash flows and selling the instrument. This includes first and foremost complex structured products, units in investment funds and private equity investments as well as short-term investments. In addition, all derivative assets are measured at fair value through profit or loss and, provided they have positive fair values, recognised in this category. Derivatives with negative fair values are recognised under the other liabilities. All securities measured at fair value through profit or loss are carried at the fair value on the closing date. If market prices that can be used as fair values are not available, the book values of the relevant financial instruments are determined using recognised measurement methods. All unrealised gains or losses from measurements of this type are recognised in profit or loss just like realised gains and losses and reported in the investment income.

Valuation models

Financial instrument	Parameter	Pricing Model
Fixed-income securities		
Unlisted plain vanilla bonds, interest rate swaps	Yield curve	Present value method
Unlisted structured bonds	Yield curve, volatility surfaces	Hull-White, Black-Karasinski, LIBOR market model etc.
Unlisted ABS/MBS, CDO/CLO	Risk premiums, default rates, prepayment speed and recovery rates	Present value method
Other invested assets		
Unlisted equities and equity investments	Acquisition cost, cash flows, EBIT multiples, as applicable book value	Capitalised earnings method, discounted cash flow method, multiple-based approaches
Other financial assets		
Private equity funds, private equity real estate funds	Net asset values (NAV)	Net asset value method
Unlisted bond, equity and real estate funds	Net asset values (NAV)	Net asset value method
Inflation swaps	Inflation swap rates (Consumer Price Index), historical index fixings, interest rate curve	Present value method
Forward exchange transactions, foreign exchange swaps, non-deliverable forwards	Yield curves, spot and forward rates	Interest parity model
OTC stock options, OTC stock index options	Listing of the underlying share, implicit volatilities, money-market interest rate, dividend yield	Black-Scholes
Insurance derivatives	Fair values, actuarial parameters, yield curve	Present value method
Cross-currency swaps	Yield curve, currency spot rates	Present value method
Total return swaps	Listing of underlying, yield curve	Present value method

Establishment of the fair value of financial instruments carried as assets or liabilities: we establish the fair value of financial instruments carried as assets or liabilities using the methods and models described below. The fair value of a financial instrument corresponds to the amount that Hannover Re would receive or pay if it were to sell or settle the said financial instrument on the balance sheet date. Insofar as market prices are listed on markets for financial assets, their bid price is used; financial liabilities are valued at ask price. In other cases the fair values are established on the basis of the market conditions prevailing on the balance sheet date for financial assets with similar credit rating, duration and return characteristics or using recognised models of mathematical finance. Hannover Re uses a number of different valuation models for this purpose. The details are set out in the table above. Financial assets for which no publicly available prices or observable market data can be used as inputs (financial instruments belonging to fair value hierarchy level 3) are for the most part measured on the basis of proven valuations drawn up by knowledgeable, independent experts, e. g. net asset value, the plausibility of which has previously been subjected to systematic review. For further information please see our explanatory remarks on the fair value hierarchy in section 6.1 "Investments".

Impairments: The impairment rules set out in IFRS 9 apply to all debt instruments recognised at amortised cost or at fair value through other comprehensive income. Expected credit losses (ECL) as well as potential impairments and those actually established at the measurement date are calculated and presented in accordance with a three-stage model:

- Stage 1 consists of debt instruments in respect of which it is assumed that the credit risk has not significantly increased since initial recognition. The risk provision for such instruments is measured using, among other things, the default probabilities for the next 12 months.
- Stage 2 consists of debt instruments that are not credit-impaired, but whose credit risk has increased significantly since initial recognition. The significant increase in the credit risk is established primarily on the basis of the credit rating specific to the individual instrument or using alternative quantitative and qualitative information, a credit risk assessment and forward-looking information. The risk provision is calculated using the default probabilities for the entre remaining maturities of the instruments.
- Stage 3 consists of all debt instruments that are classified as credit-impaired.

For all three stages, the risk provision to be made and its reversal are determined at the reporting data and individually for each specific instrument. The resulting expense and income are recognised in the statement of income.

The determination of the risk provision to be made for Stages 1 and 2 is based on the potential default amount weighted by the risk of default. The following three parameters are primarily considered here:

- the probability of default (PD),
- the loss given default (LGD) and
- the exposure at default (EAD).

Year-specific probabilities of default are used for Stage 2 to establish the ECL for the entire remaining maturities of the assets. These input factors are regularly recalibrated to reflect the forecast development of macroeconomic conditions in accordance with the requirements of IFRS 9 through the use of region- and period-specific point-in-time (PIT) factors. If a debt instrument is classified as credit-impaired and hence carried in Stage 3, measurement of the risk provision is based on the fair value at the balance sheet date.

Upon acquisition, all financial instruments are initially allocated to Stage 1. In cases where the credit risk has significantly increased, they are transferred to Stage 2. Given that allocation to a stage is dependent on the rating at the time of acquisition, shares in a financial instrument acquired at different times can be allocated to both Stage 1 and Stage 2. A significant increase in the credit risk triggering the transfer from Stage 1 to Stage 2 exists if the financial instrument has a current issuer rating in the non-investment-grade range and the rating of the instrument has been downgraded at least twice since initial recognition. Hannover Re uses the optional simplification under which financial instruments with a low credit risk are not allocated to Stage 2 if they still have an investment-grade issuer rating.

The allocation of financial instruments to Stage 3, on the other hand, is made on the basis of the counterparty's default status.

If a significant increase in the credit risk exists but the financial instrument was not classified as credit-impaired, the financial instrument in question remains in Stage 2. If none of the aforementioned stage transfer criteria applies any longer and the financial instrument is not credit-impaired, it is allocated to Stage 1. In the event of credit impairment, it is allocated to Stage 3. If a previously credit-impaired financial instrument is no longer considered to be credit-impaired, it is reclassified to Stage 2 or Stage 1 depending on applicability of the stage-specific criteria.

An overview of the impairments on financial instruments can be found in section **6.1 "Investments"**.

Netting of financial instruments: financial assets and liabilities are only netted and recognised in the appropriate net amount if a corresponding legal claim (reciprocity, similarity and maturity) exists or is expressly agreed by contract, in other words if the intention exists to offset such items on a net basis or to effect this offsetting simultaneously.

Other invested assets: The other invested assets are participating interests in entities over which we are unable to exercise a significant influence or control. Subsidiaries that are not consolidated for reasons of materiality are also included in this item. These interests are normally measured at fair value in OCI.

Investments in associated companies and joint ventures are valued at equity on the basis of the proportionate shareholders' equity attributable to the Group. Further information is provided in section **4.1 "Consolidation principles"**.

Investment property is valued at cost less depreciation and impairment. Straight-line depreciation is taken over the expected useful life – at most 50 years. Under the impairment test the market value of investment property (recoverable amount) is determined using accepted valuation methods, compared with the book value and, where necessary, impairments are recognised. Maintenance costs and repairs are expensed. Value-enhancing expenditures are capitalised if they extend the useful life.

Cash and cash equivalents are carried at face value. Cash collateral that we have received for the hedging of positive fair values of derivatives is shown under other liabilities.

Repurchase agreements (repo transactions): fully collateralised, term repurchase agreements (repos) are entered into as a supplementary liquidity management tool. In this context the Group sells securities and at the same time commits to repurchase them at a later date for an agreed price. Given that the material risks and opportunities associated with the financial instruments remain within the Group, we continue to recognise these assets. The repurchase commitment arising out of the payment received is accounted for under "sundry liabilities"; any difference between the amount received for the transfer of the securities and the amount agreed for their repurchase is spread across the term of the repo using the effective interest rate method and shown in investment income.

Reinsurance recoverables on technical reserves: shares of our retrocessionaires in the technical reserves are calculated according to the contractual conditions on the basis of the gross technical reserves. An appropriate impairment is taken to allow for objective substantial indications of credit risks that are based on an event after initial recognition and suggest impairment, insofar as this can be reliably measured. For further information please refer to the subsection **"Retrocession contracts"** in this section.

Intangible assets: in accordance with IFRS 3 "Business Combinations" goodwill is not amortised; instead, impairments may be taken after an annual impairment test or as indicated. For the purposes of the impairment test, goodwill is to be allocated pursuant to IAS 36 "Impairment of Assets" to so-called "cash generating units" (CGUs). Each CGU to which goodwill is allocated should represent the lowest level on which goodwill is monitored for internal management purposes and may not be larger than a segment. Following allocation of the goodwill it is necessary to determine for each

CGU the recoverable amount, defined as the higher of the value in use and the fair value less costs to sell. For impaired goodwill the recoverable amount is to be stated. The recoverable amount is to be compared with the book value of the CGU including goodwill. When the latter exceeds the recoverable amount, an impairment expense is to be recognised. For detailed information on the impairment method used and the goodwill recognised as at the balance sheet date, please see section **6.2 "Goodwill"**.

Purchased and proprietary software is recognised at acquisition cost less depreciation. Intangible assets are regularly tested for impairment and an impairment loss is recognised where necessary.

The other intangible assets include separately identifiable intangible assets in connection with business combinations, such as customer base or contractual / legal rights.

Deferred tax assets: IAS 12 "Income Taxes" requires that assets-side deferred taxes be established if assets have to be recognised in a lower amount or liabilities in a higher amount in the consolidated balance sheet than in the tax balance sheet and if these temporary differences will lead to reduced tax burdens in the future. In principle, temporary differences result from the valuation differences between the tax balance sheets drawn up in accordance with national standards and the IFRS balance sheets of the companies included in the consolidated financial statement drawn up in accordance with uniform group standards as well as from consolidation processes. Deferred tax assets and liabilities are not established if they arise out of assets or liabilities, the book value of which upon first-time recognition diverges from their initial tax base.

Deferred tax assets are also recognised on tax loss carry-forwards and tax credits. Insofar as the deferred taxes refer to items carried directly in equity, the resulting deferred taxes are also recognised directly in equity. Value adjustments are taken on deferred tax assets as soon as realisation of the receivable no longer appears likely. Deferred taxes are measured according to the tax regulations specific to the country concerned that are applicable or have been adopted as at the closing date.

Deferred tax assets may only be netted with deferred tax liabilities if an enforceable right exists to net actual tax refund claims with actual taxes owing. A precondition here is that the deferred tax assets and deferred tax liabilities refer to income taxes that are levied by the same revenue authority either for (i) the same taxable entity or for (ii) different taxable entities. In this regard, there must be an intention – in every future period in which the discharge or realisation of substantial amounts of deferred tax liabilities / deferred tax assets is to be expected – either to bring about the settlement of the actual taxes owing and refund claims on a net basis or to discharge the liabilities at the same time as the claims are realised.

Own-use real estate: the portfolio of own-use real estate is measured at cost less straight-line depreciation over a useful life of no more than 50 years. The fair values are determined for comparative purposes using the discounted cash flow method.

Right-of-use assets from lease contracts are measured at amortised cost in the amount of the initial measurement of the lease liability, adjusted for prepaid lease payments, lease incentives received, initial direct costs incurred and probable restoration costs (cf. here our comments on lease liabilities in section **6.7 "Financing liabilities"**). Right-of-use assets are amortised on a straight-line basis over the term of the lease contract.

Other assets are accounted for at amortised cost.

Technical reserves, general measurement model – initial measurement: The standard IFRS 17 includes three measurement models; the basis is the "general measurement model" (GMM). The "variable fee approach" (VFA) is a variant of the general measurement model for insurance contracts with a direct surplus participation and is not applicable to reinsurance business. The premium allocation approach (PAA) is a simplified method that can be used by insurers and reinsurers when certain criteria are met. Hannover Re's portfolio contains both contracts that qualify for the premium allocation approach and - predominantly - contracts for which the general measurement model is to be applied. For operational reasons and in order to achieve consistent and comparable presentation and measurement within the portfolio of insurance and reinsurance contracts, Hannover Re is applying the general measurement model to its entire business.

As a general principle, insurance and reinsurance contracts are grouped together and measured on an aggregated level. For this purpose, we define as a first step portfolios containing contracts with similar risks that are managed together. In a second step, we split these portfolios into groups of contracts according to profitability criteria and annual cohorts. With regard to the profitability expected at the time of initial recognition, a distinction is made between

- onerous contracts,
- contracts where there is no significant probability of them becoming onerous in subsequent periods and
- the remaining contracts;

these are allocated to separate groups of contracts. Contracts issued within a calendar year are combined into annual cohorts.

Under IFRS 17 there is a requirement to group contracts into such annual cohorts. In the context of the EU endorsement, however, an option to build annual cohorts was granted for certain types of cohorts. Hannover Re is not using this EU exemption.

On initial recognition Hannover Re measures a group of reinsurance contracts as the sum of

- the fulfilment value, which is comprised of estimates of expected future cash flows, an adjustment that reflects the time value of money and the associated financial risks as well as a risk adjustment for non-financial risks, and
- the contractual service margin (CSM).

In the recognition of the corresponding technical reserves a fundamental distinction is made between a pre-claims phase (liability for remaining coverage; LRC) and a claims phase after occurrence of the insured event (liability for incurred claims; LIC).

Fulfilment value – cash flows: The fulfilment value constitutes the risk-adjusted present value of the rights and obligations from a reinsurance treaty and is comprised of the estimates of expected future cash flows, their discounting and an explicit risk adjustment for non-financial risks.

Components of the cash flows to be included are, among others, premium payments, payments to cedants, costs for acquisition and management of the contracts as well as for settlement of incurred claims. In this context, the cash flows included in the measurement model at each balance sheet date always constitute Hannover Re's current estimate and expectation in connection with the fulfilment of obligations.

Time value of money – discounting: Hannover Re discounts all cash flows with currency-specific, risk-free yield curves that are adjusted to reflect the respective characteristics of the cash flows and the liquidity of the underlying insurance contracts (bottom-up approach). The illiquidity premium used is based on risk-adjusted spreads of corporate and government bonds. These adjustments, which take the form of a supplementary illiquidity premium per currency, satisfy the following requirements / assumptions:

- The illiquidity of the underlying insurance contracts is defined through the predictability of the resulting cash flows, since the harder it is to predict a cash flow, the less it lends itself to coverage with illiquid assets.
- All characteristics of an insurance contract (or a group of insurance contracts) can be fully described and measured through the characteristics of its resulting cash flows.
- The uncertainties in cash flows that may be caused by volatility in financial market parameters are captured in the estimation of expected future cash flows, instead of implicitly reflecting them through adjustment of the risk-free and completely illiquid yield curve in the illiquidity premium.
- The illiquidity premiums are estimated on the basis of liquidity premiums for financial assets observable on the market that are adjusted to reflect the illiquidity characteristics of the cash flows on the liabilities side. The illiquidity premiums used in this context are based on risk-adjusted spreads of corporate and government bonds.

The provisions of IFRS 17 open up the option of recognising discounting effects within the non-financial risk adjustment not separately in the reinsurance finance result but rather together with the release of the risk adjustment within the technical result. This option is exercised in the property and casualty reinsurance segment.

Risk adjustment for non-financial risk: The non-financial risk adjustment for a group of insurance contracts reflects the amount of compensation needed to carry the uncertainty surrounding the amount and timing of the cash flows that arise out of non-financial risks – such as the insurance risk itself, the cost risk and in particular the risk associated with policyholder behaviour. Hannover Re uses a “pricing margin approach” to determine the risk adjustment and regularly reviews the risk adjustment to ensure that it is always consistent with the compensation required to carry the risk. The approach refers to the fact that the question of the necessary compensation for the uncertainty of the cash flows is already answered in connection with the premium calculation. The loadings on the cash flows determined here form the risk adjustment pursuant to IFRS 17. Applying this approach and allowing for risk diversification among the companies belonging to the Hannover Re Group, we establish a confidence level for our technical reserves at the balance sheet date. Further explanatory remarks are provided in section 6.4 “Technical assets and liabilities”.

Contractual service margin (CSM): The contractual service margin defers a profit expected at the time of acquisition and spreads it according to provision of the service across the coverage period. Specifically, this means:

- If the present value of the expected cash inflows exceeds the present value of the expected cash outflows plus the risk adjustment, an expected profit exists that we recognise in the contractual service margin. Initial balance sheet recognition of contracts expected to be profitable thus has no effect on profit or loss.
- Subsequent measurement of the contractual service margin reflects the rendering of a service in the form of insurance contract service. The insurance contract service consists of the benefit paid in case of occurrence of the insured event and the policyholder's participation in income generated on the capital market through investment of paid insurance premiums. An amount is released from the CSM to profit or loss in the corresponding reporting periods as a service fee for rendering of this service and recognised in the statement of income as part of the insurance revenue. So-called “coverage units“ are used to measure this service in a reporting period.
- These coverage units are based on the quantities of benefits provided at the end of the reporting period relative to those expected to be provided over the entire contract duration in order to determine the service rendered for the period. We select the coverage units for each insurance transaction in such a way that they optimally reflect the service provided in each case.

Loss component: For groups of contracts where the sum of the present value of expected future cash outflows and the risk adjustment exceeds the present value of the expected future cash inflows, we recognise the loss expected at time of acquisition directly in profit or loss in the so-called “loss component”.

General measurement model – subsequent measurement: The book value of a group of insurance contracts at each closing date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

- The liability for remaining coverage consists of the fulfilment value relating to future payments allocated to the group of contracts at this time as well as the CSM for the group at the closing date.
- The liability for incurred claims consists of the fulfilment value for incurred claims plus expenditures not yet paid, including claims already incurred but not yet reported.

The fulfilment value plus the estimates of current assumptions made by Hannover Re in earlier interim consolidated financial statements is updated at the end of each reporting period based on current estimates of the amount, timing and uncertainty of expected future cash flows and discount rates. Hannover Re splits the insurance finance income and expenses between P&L and OCI. Systematic allocation is ensured through use of the discount rate on initial recognition.

Changes in cash flows: Changes in assumptions about future cash flows that do not relate to interest rates or financial risks are not recognised directly in the statement of income but are instead booked against the contractual service margin and hence spread across the remaining coverage period. Recognition in profit or loss is only immediate in the case of those groups of reinsurance contracts that are expected to be loss-making. If this adjustment to the contractual service margin exceeds its carrying amount, a loss component is established analogously to the initial recognition of groups of contracts that are expected to be loss-making and recognised directly in profit or loss. Conversely, it may happen that a contractual service margin is established in the context of subsequent measurement of a group of contracts originally classified as probably loss-making.

Changes that relate to future payments and adjust the CSM include, among others:

- Changes to estimates of the present value of expected future cash flows in the LRC, with the exception of the changes described in the next paragraph;
- Variances between an investment component that is expected to be payable in the period and the investment component that is actually payable in the period;
- Changes to the risk adjustment for non-financial risks that relate to future services;

- Experience-based adjustments due to premiums booked in the period that relate to future services, and associated cash flows such as acquisition costs and premium-based taxes.

The following changes do not result in an adjustment of the CSM and are therefore recognised directly in P&L:

- Changes in the fulfilment value due to the effects of the time value of money, the financial risks and changes in this regard;
- Changes in the fulfilment value in connection with the LIC;
- Experience-based adjustments due to premiums booked in the period that do not relate to future services, and associated cash flows such as acquisition costs and premium-based taxes;

The CSM of each group of contracts is calculated on each closing date as explained below. This means that the year-end results are not influenced by the treatment of accounting-related estimates made in earlier interim financial statements. The book value of the CSM at the closing date corresponds to the book value at the start of the year, adjusted for:

- the CSM of new contracts added to the group in the financial year;
- the interest accretion on the book value of the CSM with the interest rate determined on initial recognition (locked-in rate);
- changes in the fulfilment value connected with cash flows that relate to the fulfilment of future services. These are recognised through adjustment of the CSM for as long as the CSM is available. If an increase in the fulfilment value exceeds the CSM, the excess amount is recognised in insurance service expenses and a loss component is recognised;
- the impact of any exchange rate differences;
- the release of the CSM through insurance revenue that was calculated after allowance for all adjustments.

Retrocession contracts: The accounting policies described above are also applied as a general principle to reinsurance contracts held. Retroceded business is additionally subject to the special recognition and measurement principles described below. As with business assumed, the rules refer in each case to the aggregation level of a group of contracts:

Hannover Re reports reinsurance contracts held at the earlier of the following points in time:

- At the beginning of the coverage period of the contracts held, or
- At the time when a group of onerous underlying assumed contracts is recognised.

In the case of ceded reinsurance contracts with pro-rata coverage (predominantly proportional reinsurance), recognition does not take place until the date on which the underlying assumed contracts are recognised if this date falls after the inception of the coverage period of the ceded contracts.

On each balance sheet date Hannover Re estimates the future cash flows and their discounting based on current assumptions. The assumptions are consistent with the assumptions chosen for measurement of the underlying issued reinsurance contracts.

The risk adjustment for non-financial risk with respect to business retroceded is determined as the part of the risks effectively transferred to the retrocessionaire. In this regard, Hannover Re always strives for the greatest possible consistency with the determination of the risk adjustment for non-financial risks for the underlying gross business.

In contrast to the recognition of issued reinsurance contracts, the contractual service margin for ceded reinsurance contracts can be positive or negative.

In the case of prospective retrocession contracts, both a net profit and net costs are to be deferred on acquisition of the retrocession across the coverage period. Changes in fulfilment values are offset against the contractual service margin, insofar as these changes relate to future services. If, however, the changes in estimates are attributable to measurement adjustments to the underlying contracts recognised in profit or loss, we recognise their effect on the measurement of the ceded reinsurance contracts directly in profit or loss. This facilitates consistent mapping of the gross business with the ceded insurance contracts. The contractual service margin is spread across the remaining duration of the coverage period in the context of subsequent measurement on the basis of coverage units.

In contrast, in the case of retroactive retrocession contracts relating to insured events that occurred prior to acquisition of the retrocession, the net costs from acquisition of the retrocession are expensed in profit or loss. Expected net profits, on the other hand, are spread across the run-off period of the underlying contracts in a contractual service margin by selecting appropriate coverage units.

Loss-recovery component: Hannover Re establishes a loss-recovery component if a loss is reported for ceded gross business on account of onerous contracts. The loss component to be expensed for the gross business is thereby opposed with a loss-recovery component recognised in income proportionate to the expected relief. In this way, allowance is also made in the balance sheet for an effective retrocession and as a result only a non-reinsured loss from the gross business remains in profit and loss in the respective period. Reversals of the loss-recovery component cause the contractual service margin to be adjusted, provided these reversals do not involve changes in the fulfilment values of the group of ceded reinsurance contracts. In the context of subsequent measurement, the loss-recovery component is adjusted for changes in the loss component of the underlying reinsurance contracts. All in all, the loss-recovery component is of minor importance in Hannover Re's book of business.

Derecognition and contract modification: Contracts are derecognised when they are extinguished or their terms and condition are changed in such a way as to fundamentally impact the economic characteristics of the contractual properties. If this is not the case, the contract modification results in a change in the estimated fulfilment values.

Investment components: The investment component of an insurance contract is defined as the amount that an entity must repay to the policyholder even if the insured event does not occur. Investment components are not included in the reinsurance revenue or in the insurance service expenses, but rather are recognised in accordance with IFRS 9. Investment components include, for example, the inflows and outflows of savings elements in life primary insurance and certain commissions paid to cedants.

Provisions for pensions are established in accordance with IAS 19 “Employee Benefits” using the projected unit credit method. They are calculated according to actuarial principles and are based upon the commitments made by the Hannover Re Group for retirement, disability and widows’ benefits. The amount of the commitments is determined according to length of service and salary level. The pension plans are defined benefit plans. The basis of the valuation is the estimated future increase in the rate of compensation of the pension beneficiaries. The benefit entitlements are discounted by applying the capital market rate for highest-rated securities. All changes in valuation, especially actuarial gains and losses, are captured immediately in cumulative other comprehensive income. Service cost and interest cost are recognised in the statement of income. Returns on plan assets are determined using the same interest rate as that used in the calculation of the present value of the defined benefit obligation.

Contributions to defined contribution plans are expensed when the beneficiary of the commitment has performed the work that entitles them to such contributions.

Deferred tax liabilities: in accordance with IAS 12 "Income Taxes" deferred tax liabilities must be recognised if assets are to be recognised in a higher amount or liabilities in a lower amount in the consolidated balance sheet than in the tax balance sheet and if these temporary differences will lead to additional tax loads in the future; please see our explanatory remarks on deferred tax assets.

Under the balance sheet item **Other liabilities**, we recognise not only the sundry non-technical provisions but also minority interests in partnerships. Direct minority interests in partnerships, i. e. liabilities to holders of minority shares in partnerships arising out of a long-term capital commitment which are puttable by the holder of the interest, are recognised as debt pursuant to IAS 32 and measured at amortised cost. In this balance sheet item and in the balance sheet item "Other receivables", Hannover Re also reports other receivables and other liabilities in connection with accounting items that are not allocated to positions in the technical account. In the 2024 reporting year, the procedures for identifying offsettable items on the assets and liabilities side were improved. For comparative purposes, the prior-year figures reported for other receivables and other liabilities were netted by EUR 822.2 million each as at 31 December 2023 (1 January 2023: EUR 448.0 million). This did not have any implications for items in the statement of income or for Group net income.

Sundry non-technical provisions are established according to a realistic estimate of the amount required and shown under the balance sheet item "Other liabilities". Allocation to such provisions is conditional upon the Group currently having a legal or actual obligation that results from a past event and in respect of which utilisation is probable and the amount can be reliably estimated.

Restructuring provisions are recognised if a detailed formal plan for restructuring measures exists and steps to implement it have already begun or if key details of the restructuring have been published. The provisions cover only expenditures arising directly as a consequence of restructuring that are not connected with the company's regular activities.

Partial retirement obligations are carried at present value according to actuarial principles. During the phase when the employee is still working a provision is set aside to cover the liability amounting to the working hours not yet compensated. Top-up payments are accumulated in instalments until the end of the work phase. In periods when the employee is remunerated according to the partial retirement arrangements without performing any work, the provision is released.

Share-based payments: The share-based payment models existing within the Hannover Re Group are remuneration plans with cash settlement. In accordance with the requirements of IFRS 2 "Share-based Payments", the services rendered by the eligible beneficiaries and the resulting liability are to be recognised at the fair value of the liability and expensed over the vesting period. Until settlement of the liability the fair value of the liability is remeasured at each closing date and at the settlement date. All changes in fair value are recognised in profit or loss for the period.

Financing liabilities consist of liabilities from lease contracts and above all long-term debt and notes payable. In some instances these involve subordinated liabilities that can only be satisfied after the claims of other creditors in the event of liquidation or bankruptcy. Both long-term debt and notes payable are measured at amortised cost using the effective interest rate method. The transaction costs as well as premiums / discounts arising in connection with the issuance of bonds are amortised and recognised together with the nominal interest as financing costs. **Lease liabilities** are initially measured at the present value of essentially all lease payments that are not variable or dependent on an index or (interest) rate. The discount factor used is the implicit interest rate of the lease contract or the lessee's incremental borrowing rate.

Financial liabilities including long-term debt and notes payable, insofar as they do not involve liabilities from derivatives and the financial obligations from investment contracts measured at fair value through profit or loss, are carried at amortised cost. The amortised cost is determined from the historic cost after allowance for amounts repayable, the amortisation of premiums and discounts recognised in profit and loss in accordance with the effective interest rate method and any impairment losses and reversal of impairment losses. Hannover Re measures liabilities from derivatives at fair value. Interest accretion on these financial liabilities is shown under the financing costs.

Shareholders' equity: the items "common shares" and "additional paid-in capital" are comprised of the amounts paid in by the shareholders of Hannover Rück SE on its shares. In addition to the statutory reserves of Hannover Rück SE and the allocations from net income, the retained earnings consist of reinvested profits generated by the Hannover Re Group companies in previous periods. What is more, in the event of a retrospective change of accounting policies, the adjustment for previous periods is recognised in the opening balance sheet value of the retained earnings and comparable items of the earliest reported period. Unrealised gains and losses from the fair value measurement of financial instruments measured at fair value through OCI are carried in cumulative other comprehensive income under unrealised gains and losses on investments. Translation differences resulting from the currency translation of separate financial statements of foreign subsidiaries are similarly recognised in OCI under cumulative foreign currency translation adjustments.

Non-controlling interests are shares in the equity of affiliated companies not held by companies belonging to the Group. IAS 1 "Presentation of Financial Statements" requires that non-controlling interests be recognised separately within Group shareholders' equity. The non-controlling interest in profit or loss is shown separately following the net income. Further information is provided in section 6.9 "Non-controlling interests".

Disclosures about financial instruments: IFRS 7 "Financial Instruments: Disclosures" requires more extensive disclosures according to classes of financial instruments. In this context, the term "class" refers to the classification of financial instruments according to their risk characteristics. A minimum distinction is required here between measurement at amortised cost or at fair value. A more extensive or divergent distinction should, however, be geared to the purpose of the corresponding disclosures in the notes. Essentially, the following classes of financial instruments are established, additionally broken down as appropriate into the underlying valuation models:

- Debt instruments (directly held)
- Equity instruments (directly held)
- Fund investments and other callable financial instruments

- Derivatives
- Other invested assets
- Short-term investments
- Real estate investments (directly held)
- Certain financial instruments in the balance sheet item "Other assets"
- Certain financial instruments in the balance sheet item "Other liabilities"
- Long-term debt
- Notes payable

This grouping into classes is not, however, solely determinative for the type and structure of each disclosure in the notes. Rather, guided by the underlying business model of reinsurance, the disclosures are made on the basis of the facts and circumstances existing in the financial year and in light of the principle of materiality.

Currency translation: financial statements of Group subsidiaries were drawn up in the currencies corresponding to the economic environment in which each subsidiary primarily operates. These currencies are referred to as functional currencies. The euro is the reporting currency in which the consolidated financial statement is prepared.

Transactions in foreign currencies reported in Group companies' individual financial statements are converted into the functional currency at the transaction rate. In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" the recognition of exchange differences on translation is guided by the nature of the underlying balance sheet item. Exchange differences from the translation of monetary assets and liabilities are recognised directly in the statement of income. Currency translation differences from the translation of non-monetary assets measured at fair value through the statement of income are recognised as profit or loss from fair value changes. Exchange differences from non-monetary items – such as equity securities – recognised at fair value through OCI are initially recognised outside income in a separate item of shareholders' equity and only realised in profit or loss when such non-monetary items are settled.

The method of currency translation is also relevant for groups of reinsurance contracts (GIC) formed pursuant to IFRS 17 for recognition and measurement purposes that contain contracts in different currencies. In the case of such multi-currency groups of contracts, the modelling currency of which differs from the so-called GIC currency – which reflects the dominant currency in the respective group of contracts – we use the latest exchange rates at the reporting date for conversion to the GIC currency in order to determine the effects on the CSM on the level of the group of contracts in the CSM calculation. The date when a contract is initially recognised will, however, continue to be used for future economic assumptions relating to calculations of future cash flows (such as yield curves and inflation rates) and for the discount rate itself.The Individual companies' statements of income prepared in the local currencies are converted into euro at the average rates of exchange and transferred to the consolidated financial statement. The conversion of foreign currency items in the balance sheets of the individual companies and the transfer of these items to the consolidated financial statement are effected at the mean rates of exchange on the balance sheet date. In accordance with IAS, differences from the currency translation of financial statements of foreign Group companies must be recognised in the consolidated financial statement as a separate item in shareholders' equity.

Currency translation differences resulting from long-term loans or lendings without specified maturity between Group companies are similarly recognised outside the statement of income in a separate component of shareholders' equity.

Key exchange rates

1 EUR corresponds to:	31.12.2023	31.12.2024	2023	2024
	Mean rate of exchange on the balance sheet date		Average rate of exchange	
AUD	1.6273	1.6751	1.6291	1.6416
BHD	0.4166	0.3942	0.4077	0.4081
CAD	1.4651	1.5031	1.4601	1.4821
CNY	7.8454	7.6269	7.6562	7.7781
GBP	0.8689	0.8297	0.8700	0.8466
HKD	8.6323	8.1097	8.4648	8.4445
INR	91.9631	89.3828	89.3312	90.6159
KRW	1,426.8600	1,538.0500	1,411.7731	1,474.3423
MYR	5.0776	4.6673	4.9218	4.9385
SEK	11.0896	11.4988	11.4537	11.4212
USD	1.1051	1.0449	1.0813	1.0824
ZAR	20.3788	19.5834	19.8975	19.8664

Reinsurance revenue: The Hannover Re Group books reinsurance revenue when it renders services in connection with groups of reinsurance contracts. In this context, the reinsurance revenue of the reporting period represents the sum of the changes in the LRC resulting from the rendering of services in this period for which the Hannover Re Group expects a consideration. The reinsurance revenue is defined in such a way as to bring about comparability with revenue reporting in other industries and derives from the following revenue sources:

- Expenditures expected in the reporting period for reinsured losses and other insurance services (excluding repayments of investment components and amounts allocable to a potential loss component)
- Changes in the risk adjustment for non-financial risks in relation to services in the current reporting period.
- CSM release, measured by the coverage units provided.
- Other amounts, including experience-based adjustments to premium received for services in the current or in past periods.

Neither savings / investment components nor certain ceding commissions can be recognised in the reinsurance revenue. Reinsurance revenue is instead reported when it is earned by recognising in each period the change in the liabilities for providing reinsurance coverage for which the reinsurance entity receives compensation, including the pro rata recognition of the contractual service margin in profit and loss, as well as the part of the premiums that covers acquisition costs.

No insurance revenue is recognised in the amount of the investment components because this involves those parts of the premium that are always paid back to the cedant, irrespective of whether or not the insured event occurs. At Hannover Re, this particularly includes certain commissions paid to cedants. The reduction of the revenue by the amount of the investment components has no influence on the reinsurance service result because the insurance service expenses are also correspondingly reduced.

Reinsurance service result: The reinsurance service expenses include, in particular, the incurred claims (excluding repayments of investment components) as well as the management and acquisition expenses. The acquisition expenses are allocated systematically to the respective periods of the coverage duration and recognised in the same amount as reinsurance revenue and as reinsurance service expenses. Within the reinsurance service result, the profit components from contracts retroceded are shown as separate items distinct from the gross reinsurance revenue and gross reinsurance service expenses from issued business.

In the **reinsurance finance result**, the reinsurance finance income and expenses include the effects from discounting of the present value of net cash flows, the risk adjustment for non-financial risk and the contractual service margin. The effects of changes in interest rates can be recognised either entirely as profit or loss in the statement of income or to some extent directly in equity. This “OCI option” can be exercised on the level of individual portfolios and is utilised by Hannover Re for a large part of its business.

IFRS 17.116 requires disclosures for groups of reinsurance contracts for which the option to recognise components of reinsurance finance income or expense directly in OCI on the date of transition was exercised and to which a portfolio of assets is directly allocated, the fair value changes of which are similarly recognised directly in OCI. There are no material circumstances within the Hannover Re Group that meet these criteria.

In our consolidated statement of income we present the net reinsurance finance result both before and after currency effects. We first present the reinsurance finance result in accordance with IFRS 17 including currency effects. In order to clarify the matching currency coverage of the technical liabilities by investments, the currency effects are subsequently eliminated from the reinsurance finance result pursuant to IFRS 17 and shown separately in the net currency result.

Revenue from contracts with customers is realised when control of the promised goods or services is transferred to the customer. The amount of revenue realised corresponds to the consideration that Hannover Re expects to receive in return for the transfer of goods or services to the customer. Under its contracts that fall within the scope of application of IFRS 15 Hannover Re generally acts as a principal, because it normally controls the services or goods before transferring them to the customer.

Taxes: the taxes are comprised of the actual tax load on corporate profits of the Group companies, to which the applicable local tax rates are applied, as well as changes in deferred tax assets and liabilities. Income and expenses arising out of interest or penalties payable to the revenue authorities are shown under other income / expenses. The calculation of the deferred tax assets and liabilities is based on tax loss carry-forwards, unused tax credits and temporary differences between the book values of assets and liabilities in the consolidated balance sheet of the Hannover Re Group and their carrying amounts in the tax balance sheet. Further information on deferred taxes is provided in our remarks on deferred tax assets and liabilities.

Non-current assets held for sale and discontinued operations: in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, non-current assets and disposal groups are classified as held for sale if the relevant book value is realised largely through sale rather than through continued use. Components of an entity that can be clearly distinguished from the rest of the entity for operational and accounting purposes and were classified as sold or for sale are recognised as discontinued operations. Measurement is at the lower of book value and fair value less costs to sell. Depreciation or amortisation is not taken on non-current assets as long as they are classified as held for sale. Impairment losses on fair value less costs to sell are recognised in profit or loss; a gain for any subsequent increase in fair value less costs to sell leads to the realisation of profit up to the amount of the cumulative impairment. If the impairment loss to be taken on a disposal group exceeds the book value of the corresponding non-current assets, the need to establish a provision within the meaning of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” is reviewed.

3.2. Major discretionary decisions and estimates

In the consolidated financial statement, it is to some extent necessary to make estimates and assumptions which affect the assets and liabilities shown in the balance sheet, the information on contingent claims and liabilities as at the balance sheet date and the disclosure of income and expenses during the reporting period.

Estimates and assumptions influence in particular the consolidation method, the recognition of reinsurance contracts and financial instruments, goodwill, provisions for non-technical matters and deferred taxes. Estimates are always based on realistic premises, but they are of course subject to uncertainties that may be reflected accordingly in the result.

Risks connected with the impacts of climate change are of great significance to a reinsurance company's business model. The estimation of occurrence probabilities and loss amounts for climate-related storms, floods or droughts is a major integral component of our risk management system. It exerts a considerable influence on our underwriting policy for catastrophe-exposed risks and requires appropriate risk capital to be kept available. Physical risks such as extreme weather events and their consequences as well as long-term changes in climatic and environmental conditions, such as precipitation amounts, the rise in sea levels or the increase in average temperatures, can also affect the value of our real estate holdings or the measurement of securities in our investment portfolio.

Along with the influence of these physical risks, the measurement of our investment portfolio is also subject to transition risks as a consequence of climate change. Transition risks refer to those risks connected with the effects of climate change that result from the shift towards a low-carbon economy. This transition is substantially initiated and supported by political regulatory policies. Insofar as such regulatory measures negatively affect, for example, issuers of shares or corporate bonds in our asset portfolio, there are corresponding implications for the measurement of these instruments.

All in all, the evaluation of climate risks is considered inter alia in the context of the impairment test for non-financial assets, including goodwill pursuant to IAS 36, in the determination of the useful life and residual value of assets pursuant to IAS 16 or IAS 38, in connection with the recognition and subsequent measurement of investments pursuant to IFRS 9 as well as in the establishment of provisions and the disclosure of contingent liabilities pursuant to IAS 37.

Estimation uncertainties also arose in the reporting period in connection with the war in Ukraine. We conducted probability-weighted scenario analyses for all relevant lines of business, taking into consideration the market insights available to us at the present moment in time and using them to determine our reserves on the basis of our own estimates. The affected lines at the balance sheet date primarily encompass political violence, property covers, aviation and other lines such as political risk and marine. We further substantially boosted our provision for this claims complex in the year under review compared to the previous year. The range of potential loss scenarios remains considerable and can result in significantly higher loss payments at a later point in time in the event of adverse developments not currently anticipated or unfavourable court decisions. Business with Russian cedants has been discontinued in conformity with existing sanctions regulations.

The war in Ukraine and its impacts have implications for worldwide commodity and energy prices and hence also for inflation rates. Inflation is factored into our reserving process at least on the basis of average inflation rates in past years. Furthermore, premium calculations make allowance for realistic inflation assumptions and additional provisions are established in the reserving for individual underwriting years, thereby also enabling us to offset inflationary trends to some extent. In addition, a substantial part of the business is protected against adverse inflation effects by index clauses. Hannover Re's investment portfolio contains inflation-linked bonds which protect against some of the negative effects of inflation. A scenario analysis was carried out to ensure that adequate allowance is made for inflation in the technical reserves. The various scenarios for a future inflation trend were compared with historically observed inflation to estimate a possible impact on the technical reserves. Scenarios involving more protracted higher inflation are among those considered. Currently, it is our expectation that inflation rates will be above the targets set by central banks.

Discretionary decisions, estimates and assumptions are of considerable significance when it comes to the assets and liabilities from reinsurance contracts issued or held: the classification, the aggregation level and the measurement of reinsurance and retrocession contracts entail discretionary decisions. Depending on the assessment of whether they transfer a significant insurance risk, contracts are classified either as reinsurance or investment contracts. An appropriate aggregation level must be found because it is necessary to differentiate between contract portfolios by separating groups of contracts that are onerous upon initial recognition from those that do not have a significant probability of subsequently becoming onerous. In addition, assumptions are made and estimation uncertainties exist regarding the measurement of reinsurance and retrocession contracts. In measuring such contracts, the measurement method is to be defined that is used for estimating the risk adjustments for non-financial risks and the quantity of services to be rendered under a contract. Changes in material assumptions relating to discount rates (including illiquidity premiums), loss experience or future cash flows and differences between interest on credit balances and discount rates could result in significant changes in fulfilment values in the following financial year or in adjustment of the contractual service margin.

Supplementary or complete estimates of the corresponding profit and loss items, assets and liabilities including relevant retrocessions are made where ceding company accounts with substantial premium income are missing. Missing ceding company accounts with a low premium volume are included in the following year.

In order to measure the ultimate liability in property and casualty reinsurance the expected ultimate loss ratios are calculated for all lines. Actuarial methods such as the “chain ladder” method provide the starting point for these calculations. The realistically estimated future settlement amount is recognised in the balance sheet. The development until completion of the run-off is projected on the basis of claims triangles from the original notifications of ceding companies. The more recent underwriting years in actuarial projections are of course subject to greater uncertainty, although this can be considerably reduced with the aid of a variety of additional information on improvements in the rates and conditions of the business written and on loss trends.

The amounts arrived at as the difference between the projected ultimate losses and the reported losses are set aside either in the IBNR reserve for losses that have been incurred but are not yet known or have still to be reported or in the liability for remaining coverage.

In applying statistical methods, separate consideration is given to large losses. By analysing a broad range of observable information it is possible to classify losses as major individual loss events. Measurement of the obligations existing in this connection is carried out using a separate process, which is based largely on contract-specific estimates.

For further particulars, including information required by IFRS 17, the reader is referred to our remarks on the underwriting risks in property and casualty reinsurance in the risk report – for example, with regard to the modelling of natural catastrophe scenarios and the assumptions relating to asbestos and pollution risks. We would further refer to our explanatory remarks on the technical reserves in section **3.1 “Summary of major accounting policies”** and section **6.4 “Technical assets and liabilities”**.

In life and health reinsurance, too, the calculation of reserves and assets is crucially dependent on actuarial projections of the covered business. Modelling is based on policy data or so-called model points are defined according to the type of business covered. The main distinguishing criteria include, among others, demographic factors associated with the insured, tariff, policy period, period of premium payment and amount of insurance. The portfolio development is simulated for each policy or each model point, in which regard the key input parameters are either predefined by the tariff (e. g. allowance for costs, amount of premium, actuarial interest rate) or need to be estimated (e. g. mortality or disability rates, lapse rates). These assumptions are heavily dependent on country-specific parameters, type of reinsurance and other framework conditions of the reinsurance treaty. Superimposition gives rise to a projection of the future cash flows of the reinsurance treaty, which incorporates inter alia assumptions concerning the portfolio composition and the commencement of covered policies within the year. Such assumptions are defined at the inception of a reinsurance treaty and subsequently adjusted to the actual development. In this context we would refer the reader to our comments on technical assets and provisions in section **3.1 “Summary of major accounting policies”**.

In determining the carrying amounts of certain financial assets it is sometimes necessary to make assumptions in order to calculate fair values and determine the risk provisioning for expected credit losses. In this regard we would refer the reader to our comments on financial instruments measured at fair value through profit or loss and on impairments in section **3.1 “Summary of major accounting policies”** and section **7.2 “Investment result”** as well as on investment property in section **6.1 “Investments”**.

4. Consolidation

4.1. Consolidation principles

Capital consolidation

The capital consolidation is carried out according to the requirements of IFRS 10 “Consolidated Financial Statements” on the basis of a consistent consolidation model for all entities that identifies control as the single basis for verifying the consolidation requirement, irrespective of whether control is substantiated in company law, contractually or economically. Group companies are consolidated from the point in time when Hannover Re gains control over them. Control exists if Hannover Re directly or indirectly has decision-making power over a Group company on the basis of voting rights or other rights, if it has exposure or rights to positive and negative variable returns from its involvement with the Group company and if it can use its power to influence these returns. All of these criteria must be met. Other circumstances may also give rise to control, for example the existence of a principal-agent relationship. In this case a party outside the Group with decision-making powers (agent) acts for Hannover Re, but does not control the company since it merely exercises decision-making powers that have been delegated by Hannover Re (principal). These principles are also applied to structured entities, on which further information is provided in section **4.2 "Consolidated companies and complete list of shareholdings"**. Group companies are consolidated until the Hannover Re Group loses control over them. If investments in subsidiaries are retained and a loss of control exists, measurement effects recognised for these subsidiaries in the other reserves in conformity with IFRS 10 are entirely released to profit or loss rather than merely pro rata in the amount of the interests disposed of. The accounting policies of Group companies are adjusted, where necessary, in order to ensure consistent application of the Hannover Re Group's accounting policies.

The capital consolidation is based on the acquisition method. Goodwill derives from the acquisition of subsidiaries and corresponds to the sum of the consideration rendered, the amount of all non-controlling interests in the acquired company and the fair value of the equity interests previously held in the acquired company less the fair value of the acquired net assets. Under IFRS 3 goodwill is not amortised, but instead impairment is taken where necessary on the basis of annual impairment tests. Immaterial and negative goodwill are recognised in the statement of income in the year of their occurrence. Costs associated with acquisition are expensed.

Companies over which Hannover Re is able to exercise a significant influence or whose relevant activities can only be decided with the unanimous approval of the parties sharing control and in which we only have rights to the net assets are included as associated companies or joint ventures using the equity method of accounting. Under this method, we measure investments in associated companies and joint ventures with the proportion of the equity attributable to the Group. In accordance with the equity method of accounting required by IAS 28 "Investments in Associates and Joint Ventures", the goodwill attributable to associated companies and joint ventures is recognised together the carrying amount of the investments in associated companies and joint ventures. The share of the year-end result of an associated company or joint venture relating to the Group is included in the investment income and recognised separately in the consolidated statement of income. The equity and result are taken from the last available financial statement of the associated company or joint venture.

A significant influence is presumed to exist if a company belonging to the Hannover Re Group directly or indirectly holds at least 20% – but no more than 50% – of the voting rights. We also derive evidence of significant influence over an associated company from representation on a governing body of such entity, participation in its policy-making processes – e. g. with respect to dividends or other distributions –, the existence of material inter-company transactions, the possibility of interchanging managerial personnel or the provision of key technical information for the entity. Further particulars on companies consolidated using the equity method of accounting are provided in the subsection **"Associated companies and joint ventures"** in section **6.1 "Investments"**.

Only subsidiaries which are of minor importance – both individually and as a whole – for the net assets, financial position and results of operations of the Hannover Re Group are exempted from consolidation. Hannover Re assesses whether a subsidiary is of minor importance on the basis of the company's total assets and net income relative to the corresponding values for the Group as a whole on average over the last three years. For this reason, 13 (14) companies at home and abroad were not consolidated in the year under review. A further 4 (3) individual companies were not included at equity in the consolidated financial statement for the same reason. The business object of these altogether 17 (17) companies is for the most part the rendering of services for reinsurance companies within the Group.

Consolidation of business transactions within the Group

Receivables and liabilities between the companies included in the consolidated financial statement were offset against each other. Profits and expenses from business transactions within the Group were also eliminated. Transactions between a disposal group and the continuing operations of the Group were similarly eliminated in accordance with IFRS 10.

4.2. Consolidated companies and complete list of shareholdings

In addition to Hannover Rück SE as the parent company of the Group, the scope of consolidation of the Hannover Re Group encompasses the companies listed in the table below:

Information on subsidiaries

Scope of consolidation

Number of companies	2023	2024
Consolidated companies (Group companies)		
Germany	12	23
Abroad	118	120
Total	**130**	**143**
Companies included at equity		
Germany	3	2
Abroad	2	2
Total	**5**	**4**

Altogether 15 companies were newly added to the scope of consolidation in the financial year just ended, while two companies were removed from the scope of consolidation.

Information on the non-controlling interests in shareholders' equity and profit or loss as well as on the major non-controlling interests is provided in section **6.9 "Non-controlling interests"**. On the balance sheet date there were no significant restrictions on access to or the use of Group assets due to protective rights in favour of non-controlling interests.

The sale or transfer of shares of E+S Rückversicherung AG takes place by way of an endorsement and is permissible only with the approval of the company's Supervisory Board.

The Supervisory Board enjoys the right to grant or deny approval unconditionally, without being obliged to state reasons in the event of denial.

National provisions of company law or requirements of supervisory law may in certain countries limit the ability of the Hannover Re Group to transfer assets between companies belonging to the Group. These limitations result principally from local minimum capital and solvency requirements as well as to a lesser extent from foreign exchange restrictions.

List of shareholdings

The following information is the list of shareholdings in accordance with § 313 Para. 2 German Commercial Code (HGB). We make use of the exemptions pursuant to § 313 Para. 3 German Commercial Code (HGB). The stipulations of IFRS 12.10 and IFRS 12.21 have also been observed. With regard to the major acquisitions and disposals in the year under review, please see our remarks in the following subsections of this section.

List of shareholdings

Name and registered office of the company	Proportionally calculated participation in %
Domestic companies	
Affiliated consolidated companies	
Hannover Rück Beteiligung Verwaltungs-GmbH, Hannover, Germany	100.00
FUNIS GmbH & Co. KG, Hannover, Germany	100.00
Hannover Re Private Equity Beteiligungen GmbH, Hannover, Germany	100.00
HR PE GmbH, Hannover, Germany	100.00
Hannover Re Global Holding GmbH, Hannover, Germany	98.24
HAPEP II Holding GmbH, Hannover, Germany	98.24
Hannover America Private Equity Partners II GmbH & Co. KG, Hannover, Germany	98.24
Hannover Re AA PE Partners III GmbH & Co. KG, Hannover, Germany	98.24
Hannover Re Global Alternatives GmbH & Co. KG, Hannover, Germany	94.72
Hannover Re Euro PE Holdings GmbH & Co. KG, Hannover, Germany	89.44
Hannover Re Euro PE Holdings II GmbH & Co. KG, Hannover, Germany	89.44
Hannover Re Euro RE Holdings GmbH, Hannover, Germany	87.68
cor F 25. GmbH & Co.KG, Cologne, Germany	87.68
ZG Zenit Grundstücksgesellschaft mbH, Cologne, Germany	87.68
Zenit BV GmbH, Cologne, Germany	87.68
HR GLL Central Europe GmbH & Co. KG, Munich, Germany	87.67
HR GLL Central Europe Holding GmbH, Munich, Germany	87.67
HR AI Komplementär GmbH, Hannover, Germany	82.40
HAPEP II Komplementär GmbH, Hannover, Germany	82.40
E+S Rückversicherung AG, Hannover, Germany	64.79
E+S Private Equity Beteiligungen GmbH, Hannover, Germany	64.79
E+S PE GmbH, Hannover, Germany	64.79
Sustainable Timber Asia GmbH, Cologne, Germany	47.01
Affiliated non-consolidated companies	
HILSP Komplementär GmbH, Hannover, Germany	100.00
mertus 313. GmbH, Frankfurt am Main, Germany	87.68
Associated companies and joint ventures	
WeHaCo Unternehmensbeteiligungs-GmbH, Hannover, Germany	32.96
HANNOVER Finanz GmbH, Hannover, Germany	27.78
Other participations	
PT Beteiligungs GmbH, Hannover, Germany	26.31
Neue SEBA Beteiligungsgesellschaft mbH, Nuremberg, Germany	15.85
Internationale Schule Hannover Region GmbH, Hannover, Germany	9.17
FinLeap GmbH, Berlin, Germany	8.41
VST Gesellschaft für Versicherungsstatistik mit beschränkter Haftung, Hannover, Germany	5.89
M 31 Beteiligungsgesellschaft mbH & Co. Energie KG, Düsseldorf, Germany	0.54
ELEMENT Insurance AG, Berlin, Germany	0.08
Foreign companies	
Affiliated consolidated companies	
Hannover Life Re of Australasia Ltd, Sydney, Australia	100.00
Hannover Re (Ireland) Designated Activity Company, Dublin, Ireland	100.00
Hannover ReTakaful B.S.C. (c), Manama, Bahrain	100.00
Hannover Re Holdings (UK) Limited, London, United Kingdom	100.00
Hannover Re (Bermuda) Ltd., Hamilton, Bermuda	100.00
Hannover Finance, Inc., Wilmington, USA	100.00
Glencar Insurance Company, Orlando, USA	100.00
Glencar Underwriting Managers, Inc., Chicago, USA	100.00
Hannover Life Reassurance Company of America (Bermuda) Ltd., Hamilton, Bermuda	100.00
Hannover Life Reassurance Company of America, Orlando, USA	100.00
Sand Lake Re, Inc., Burlington, USA	100.00
Hannover Finance (Luxembourg) S.A., Röser, Luxembourg	100.00
Hannover Finance (UK) Limited, London, United Kingdom	100.00
Hannover Services (UK) Limited, London, United Kingdom	100.00
Inter Hannover (No. 1) Limited, London, United Kingdom	100.00
Argenta Holdings Limited, London, United Kingdom	100.00
Argenta Private Capital Limited, London, United Kingdom	100.00
APCL Corporate Director No.1 Limited, London, United Kingdom	100.00
APCL Corporate Director No.2 Limited, London, United Kingdom	100.00
Fountain Continuity Limited, Edinburgh, United Kingdom	100.00
Names Taxation Service Limited, London, United Kingdom	100.00
Argenta Secretariat Limited, London, United Kingdom	100.00
Argenta Continuity Limited, London, United Kingdom	100.00
Argenta Employee LLP, London, United Kingdom	100.00
Argenta General Partner Limited, Edinburgh, United Kingdom	100.00
Argenta General Partner II LLP, Edinburgh, United Kingdom	100.00
Argenta LLP Services Limited, London, United Kingdom	100.00
Argenta SLP Continuity Limited, Edinburgh, United Kingdom	100.00
Argenta International Limited, London, United Kingdom	100.00
Argenta Syndicate Management Limited, London, United Kingdom	100.00
Argenta Tax & Corporate Services Limited, London, United Kingdom	100.00
Argenta Underwriting (Europe) Limited, Dublin, Ireland	100.00
Argenta Underwriting Asia Pte. Ltd., Singapore, Singapore	100.00
Argenta Underwriting No.1 Limited, London, United Kingdom	100.00
Argenta Underwriting No.2 Limited, London, United Kingdom	100.00
Argenta Underwriting No.3 Limited, London, United Kingdom	100.00
Argenta Underwriting No.4 Limited, London, United Kingdom	100.00
Argenta Underwriting No.7 Limited, London, United Kingdom	100.00
Argenta Underwriting No.9 Limited, London, United Kingdom	100.00
Argenta Underwriting No.10 Limited, London, United Kingdom	100.00
Argenta Underwriting No.11 Limited, London, United Kingdom	100.00
Residual Services Limited, London, United Kingdom [2]	100.00
Residual Services Corporate Director Limited, London, United Kingdom	100.00
Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg, South Africa	100.00
Hannover Africa Limited, Johannesburg, South Africa [3]	100.00
Hannover Re South Africa Limited, Johannesburg, South Africa	100.00
Compass Insurance Company Limited, Johannesburg, South Africa	100.00
Lireas Holdings (Pty) Ltd., Johannesburg, South Africa	100.00
Film & Entertainment Underwriters SA (Pty) Ltd., Johannesburg, South Africa [3]	100.00
Firedart Engineering Underwriting Managers (Pty) Ltd., Johannesburg, South Africa	100.00
Garagesure Consultants and Acceptances (Pty) Ltd., Johannesburg, South Africa	100.00
MUA Insurance Acceptances (Pty) Ltd., Cape Town, South Africa	100.00
Integra Insurance Solutions Limited, Leeds, United Kingdom	100.00
Kubera Insurance (SAC) Ltd, Hamilton, Bermuda	100.00
Annuity Reinsurance Cell A1, Hamilton, Bermuda	100.00
Leine Investment General Partner S.à r.l., Luxembourg, Luxembourg	100.00
Leine Investment SICAV-SIF, Luxembourg, Luxembourg	100.00
LI RE, Hamilton, Bermuda	100.00
Fracom FCP, Paris, France [4]	100.00
Hannover Re Real Estate Holdings, Inc., Orlando, USA	95.25
HR US Infra Equity LP, Wilmington, USA	95.24

GLL HRE CORE Properties, L.P., Wilmington, USA	95.15
101BOS LLC, Wilmington, USA	95.15
111ORD LLC, Wilmington, USA	95.15
11809AUS LLC, Wilmington, USA	95.15
1375MCO LLC, Wilmington, USA	95.15
PLC Elite Mexico Logistics, S. de R.L. de C.V., Mexico City, Mexico	95.15
140EWR LLC, Wilmington, USA	95.15
1600FLL LLC, Wilmington, USA	95.15
17440IAH LLC, Wilmington, USA	95.15
2530AUS LLC, Wilmington, USA	95.15
3290ATL LLC, Wilmington, USA	95.15
402 Santa Monica Blvd, LLC, Wilmington, USA	95.15
405SFO LLC, Wilmington, USA	95.15
590ATL LLC, Wilmington, USA	95.15
7550BWI LLC, Wilmington, USA	95.15
7550IAD LLC, Wilmington, USA	95.15
7659BWI LLC, Wilmington, USA	95.15
975 Carroll Square, LLC, Wilmington, USA	95.15
Broadway 101, LLC, Wilmington, USA	95.15
Nashville West, LLC, Wilmington, USA	95.15
River Terrace Parking, LLC, Wilmington, USA	95.15
HRE Core Properties Chile Holding SpA, Santiago, Chile	95.15
Apoquindo CL SpA, Santiago, Chile	95.15
Apoquindo 5400 Chile Holding S.A., Santiago, Chile	95.15
Magdalena CL SpA, Santiago, Chile	95.15
Magdalena Chile Holding S.A., Santiago, Chile	95.15
Ombú CL SpA, Santiago, Chile	95.15
Ombú Chile Holding S.A., Santiago, Chile	95.15
17440IAH LP, Wilmington, USA	95.06
PAG Real Estate Asia Select Fund Limited, George Town, Cayman Islands	94.72
ASF Spectrum Limited, George Town, Cayman islands	94.72
Ubitech Hub Pte. Ltd., Singapore, Singapore	94.72
CC Aeolus Pte. Ltd., Singapore, Singapore	94.72
CC Anchor Pte. Ltd., Singapore, Singapore	94.72
M8 Property Trust , Sydney, Australia	94.72
Markham Real Estate Partners (KSW) Pty Limited, Sydney, Australia	94.72
HR US Infra Debt LP, George Town, Cayman Islands	94.71
Morea Limited Liability Company, Tokyo, Japan	93.77
Peace G.K., Tokyo, Japan	93.77
Rocky G.K., Tokyo, Japan	93.77
Kaith Re Ltd., Hamilton, Bermuda	90.40
Transit Underwriting Managers (Pty) Ltd., Durban, South Africa	90.00
Star Grafton One S.à r.l., Luxembourg, Luxembourg	87.68
HR GLL Europe Holding S.à r.l., Luxembourg, Luxembourg	87.67
193 BCN, S.L., Madrid, Spain	87.67
3541 PRG s.r.o., Prague, Czech Republic	87.67
Akvamarín Beta s.r.o., Prague, Czech Republic	87.67
Callisto, Milan, Italy	87.67
Highgate sp. z o.o., Warsaw, Poland	87.67
HR GLL CDG Plaza S.r.l., Bucharest, Romania	87.67
HR GLL Griffin House SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw, Poland	87.67
HR GLL Liberty Corner SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw, Poland	87.67
92601 BTS s.r.o., Bratislava, Slovakia	87.67
Commercial & Industrial Acceptances (Pty) Ltd., Johannesburg, South Africa	85.00
Hospitality Industrial and Commercial Underwriting Managers (Pty) Ltd., Johannesburg, South Africa	85.00
Landmark Underwriting Agency (Pty) Ltd., Bloemfontein, South Africa	82.00
Bowen Investment Limited Partnership, Auckland, New Zealand	75.77
Construction Damage Assessors (Pty) Ltd, Centurion, South Africa	43.35
Real Assist (Pty) Ltd., Pretoria, South Africa	43.35
Affiliated non-consolidated companies	
Hannover Re Capital Partners Limited, Hamilton, Bermuda	100.00
Dynastic Underwriting Limited, London, United Kingdom	100.00
Inter Hannover (No.2) Limited, London, United Kingdom	100.00
Hannover Re Consulting Services India Private Limited, Mumbai, India [3]	100.00
Hannover Re Risk Management Services India Private Limited, New Delhi, India	100.00
Hannover Re Services Italy S.r.l., Milan, Italy	100.00
Hannover Re Services Japan, Tokyo, Japan	100.00
Hannover Re Services USA, Inc., Itasca, USA	100.00
Hannover Rück SE Escritório de Representação no Brasil Ltda., Rio de Janeiro, Brazil	100.00
Hannover Services (México) S.A. de C.V., Mexico City, Mexico	100.00
HR Hannover Re, Correduría de Reaseguros, S.A., Madrid, Spain	100.00
Edwards Insurance Group Limited, Coventry, United Kingdom	90.00
David Edwards Insurance Brokers Limited, United Kingdom	90.00
Associated companies and joint ventures	
Clarendon Transport Underwriting Managers (Pty) Ltd., Johannesburg, South Africa	25.11
Monument Insurance Group Limited, Hamilton, Bermuda [1]	24.63
Other participations	
Investsure Technologies Proprietary Limited, Johannesburg, South Africa [3]	32.26
Reaseguradora del Ecuador S.A., Guayaquil, Ecuador	30.00
Kopano Ventures (Pty) Ltd, Johannesburg, South Africa [3]	29.05
FLS Group AG, Baar, Switzerland[3]	19.99
Slate Mobility Holding SARL, Luxembourg, Luxembourg	19.82
Trinity Underwriting Managers Ltd., Toronto, Canada	19.44
Meribel Mottaret Limited, St. Helier, Jersey	18.96
Merica Holdings Pte. Ltd., Singapore, Singapore	16.14
Inqaku FC (Pty) Ltd, Port Elizabeth, South Africa	15.08
YOUPLUS Holding AG, Freienbach, Switzerland	15.00
Mosaic Insurance Holdings Limited, Hamilton, Bermuda	14.18
Different Technology (Pty) Ltd, Johannesburg, South Africa	11.10
Pineapple Tech (Pty) Ltd, Johannesburg, South Africa	10.40
Sureify Labs, Inc., Wilmington, USA	10.01
Acte Vie S.A., Schiltigheim, France	9.38
BriteCo Inc., Dover, USA	8.14
Centaur Animal Health, Inc., Olathe, USA	6.90
Liberty Life Insurance Public Company Ltd, Nicosia, Cyprus	3.30
LifeQ Global Limited, Dublin, Ireland	1.71
B3i Services AG, Zürich, Switzerland [3]	1.46

[1] The company is included in measurement at equity through a consolidated financial statement.
[2] The company holds 14 subsidiaries with capital and reserves of altogether EUR 0.2 million.
[3] The company is in liquidation.
[4] Investment fund

Material branches within the Group

Hannover Rück SE maintains branches that are listed below according to the amount of reinsurance revenue in the current financial year.

Material branches within the Group

in EUR million	Reinsurance revenue [1]		Net income [1]	
	2023	2024	2023	2024
Hannover Rück SE				
Hannover Rück SE Shanghai Branch, Shanghai, China	1136.7	1212.2	-55.3	-12.0
Hannover Rueck SE Australian Branch, Sydney, Australia	674.6	724.7	53.0	136.8
Hannover Rueck SE Malaysian Branch, Kuala Lumpur, Malaysia	819.9	693.8	7.2	30.2
Hannover Rück SE Canadian Branch, Toronto, Canada	636.7	564.7	97.8	31.9
Hannover Rück SE Succursale Française, Paris, France	501.1	551.4	83.8	56.8
Hannover Re UK Life Branch, London, United Kingdom	418.9	408.8	45.1	-21.3
Hannover Rück SE, Tyskland Filial, Stockholm, Sweden	289.4	272.6	39.0	-16.2
Hannover Rück SE – India Branch, Mumbai, India	139.0	193.6	16.7	20.9
Hannover Rück SE, Hong Kong Branch, Wanchai, Hong Kong	217.7	193.3	6.6	-50.2
Hannover Rueck SE Bahrain Branch, Manama, Bahrain	115.2	121.6	27.0	-36.7
Hannover Rück SE Korea Branch, Seoul, South Korea	12.4	15.4	1.9	3.7

[1] IFRS figures before consolidation

In addition, other companies belonging to the Hannover Re Group maintain further branches that both individually and collectively are to be classified as immaterial to the Group.

Structured entities

Business relations with structured entities are to be examined in accordance with IFRS 10 with an eye to their implications for consolidation. In the context of their operational activities some companies belonging to the Hannover Re Group enter into business relations with structured entities that are to be analysed and accounted for according to these new provisions.

Structured entities are entities designed in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity frequently has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined business objective;
- insufficient equity to allow it to finance its activities without subordinated financial support;
- financing in the form of multiple contractually linked instruments issued to investors that create concentrations of credit or other risks (tranches)

In accordance with the consistent consolidation model, a structured entity – just like a subsidiary – must be consolidated if Hannover Re gains control over the said entity. With regard to the criteria for control please see also section **4.1 "Consolidation principles"**. Within the Hannover Re Group the requirement to consolidate structured entities is examined as part of an analysis that encompasses both transactions in which a structured entity is initiated by us with or without the involvement of third parties and those in which we enter into contractual relations with an already existing structured entity with or without the involvement of third parties. Consolidation decisions are reviewed as necessary and at least once a year. The list of all consolidated structured entities forms part of the list of shareholdings.

Consolidation of structured entities

The following structured entities were consolidated as at the balance sheet date:

- Kaith Re Ltd., Hamilton, Bermuda
- Kubera Insurance (SAC) Ltd, Hamilton, Bermuda
- LI RE, Hamilton, Bermuda

Kaith Re Ltd. is a so-called segregated accounts company (SAC), the sole object of which is the securitisation of reinsurance risks in the form of investment products. Under this transformation a complete underwriting risk transfer always takes place to the investor in question. In a SAC further segregated accounts exist under a general account; it is in these segregated accounts, which for liability purposes are entirely separate from one another and from the general account, that the aforementioned securitisations take place for the investors.

Kubera Insurance (SAC) Ltd is similarly a segregated accounts company, the object of which is to establish segregated accounts that are made available to non-Group companies for structured finance transactions.

Pursuant to IFRS 10 we consider the general account and the segregated accounts to be separate units to which the principles of so-called "silo accounting" are applied. In accordance with this concept, Hannover Re is required to consolidate the general account of Kaith Re Ltd. and Kubera Insurance (SAC) Ltd and is contractually responsible for the fees due to external service providers that are to be covered from the general account's own funds. Each individual segregated account is to be examined separately with an eye to a consolidation requirement and consolidated according to the particular contractual arrangements in each case.

LI RE is a segregated account of Kaith Re Ltd., the purpose of which – as with all segregated accounts under Kaith Re Ltd. – is the securitisation of underwriting risks. In contrast to the other segregated accounts, the sole investor and hence the risk carrier of LI RE is the Hannover Re Group through its subsidiary Leine Investment SICAV-SIF, Luxembourg.

As at the balance sheet date Hannover Re had not rendered any financial or other support for a consolidated structured entity. Hannover Re does not intend to render financial or other support for one or more of such entities without being contractually required to do so.

Unconsolidated structured entities

The business relations of Hannover Re Group companies with structured entities set out below do not give rise to consolidation because the criteria for control pursuant to IFRS 10 contained in our consolidation principles are not met.

Investing activities and investments in catastrophe bonds (ILS)

Within the scope of its investment activities Hannover Re participates inter alia in numerous structured entities. These are predominantly special purpose entities in the form of funds, which for their part transact certain types of equity and debt capital investments. These investments encompass private equity funds, fixed income funds, collateralised debt obligations, real estate funds, index funds and other public funds. The volume of these transactions is derived from the book values of the respective investments and amounted to EUR 5,636.0 million (EUR 3,124.2 million) as at the balance sheet date. The maximum risk of loss corresponds to the book values.

Hannover Re participates through its subsidiary Leine Investment SICAV-SIF, Luxembourg, in a number of structured entities that issue catastrophe bonds for the securitisation of catastrophe risks by investing in such bonds. Leine Investment General Partner S.à.r.l. is the managing partner of the asset management company Leine Investment SICAV-SIF, the business object of which is to build, hold and manage a portfolio of insurance-linked securities (catastrophe bonds) – including for third-party investors outside the Group. The volume of these transactions is derived from the book values of the respective investments and amounted to EUR 183.5 million (EUR 157.4 million) as at the balance sheet date. The maximum risk of loss corresponds to the book values.

Retrocession and securitisation of reinsurance risks

The securitisation of reinsurance risks takes place largely through the use of structured entities.

By way of its "K" transactions Hannover Re has raised underwriting capacity for catastrophe risks on the capital market. The "K Cession", which was placed with investors in North and South America, Europe and Asia, involves a quota share cession on worldwide natural catastrophe business as well as aviation and marine risks. Of the total volume of the "K Cession", a large part equivalent to EUR 503.5 million (EUR 646.8 million) was securitised via structured entities as at the balance sheet date. The transaction has an indefinite term and can be cancelled annually by the investors. Segregated accounts of Kaith Re Ltd. are used for transformer purposes for part of this transaction.

Hannover Re also uses further segregated accounts of Kaith Re Ltd. and other structured entities outside the Group for various retrocessions of both its traditional and ILS covers, which in each case are passed on to institutional investors in securitised form. The volume of these transactions is measured by the ceded exposure limit of the underlying retrocession agreements and amounted to altogether EUR 7,686.9 million (EUR 6,789.5 million) as at the balance sheet date.

The structured entities are in all cases fully funded by contractually defined investments in the form of cash and equivalent liquid assets. Given that the entire exposure limit of the structured entities is therefore wholly collateralised in each case, there is no risk of loss for Hannover Re.

Collateralised fronting (ILS)

As part of its extended insurance-linked securities (ILS) activities, Hannover Re has concluded so-called collateralised fronting arrangements under which risks assumed from ceding companies are passed on to institutional investors outside the Group using structured entities. The purpose of such transactions is to directly transfer clients' business. The volume of the transactions is derived from the ceded exposure limit of the underlying retrocession agreements and amounted to EUR 5,402.5 million (EUR 6,278.0 million) as at the balance sheet date. Part of the ceded exposure limit is funded and collateralised by contractually defined investments in the form of cash and equivalent liquid assets; a further part remains uncollateralised or is collateralised by less liquid assets. The maximum risk of loss from the uncollateralised exposure limit amounted to EUR 673.1 million (EUR 1,851.2 million) as at the balance sheet date. This does not, however, correspond to the economic risk of loss, which is established using recognised actuarial methods. The expected loss on a modelled basis in a worst-case scenario of 10,000 years amounts to at most EUR 31.9 million (EUR 42.8 million).

The book values of the assets and liabilities from the specified transactions with unconsolidated structured entities were as follows as at the balance sheet date:

Book values from business relations with unconsolidated structured entities

in EUR million			31.12.2023			31.12.2024
	General investing activities	Investment in catastrophe bonds (ILS)	Retrocession incl. securitisations and ILS transactions	General investing activities	Investment in catastrophe bonds (ILS)	Retrocession incl. securitisations and ILS transactions
Assets						
Financial investments – at fair value through OCI	1,725.1			1,963.8		
Financial investments – at fair value through profit or loss	1,399.1	157.4		3,672.2	183.5	
Other invested assets	—			—		
Reinsurance recoverables on liability for incurred claims			710.3			645.5
Reinsurance recoverables on liability for remaining coverage			-524.6			-292.0
Total assets	**3,124.2**	**157.4**	**185.7**	**5,636.0**	**183.5**	**353.5**
Liabilities						
Reinsurance contracts ceded in a liability position			297.6			-0.1
Total liabilities	**—**	**—**	**297.6**	**—**	**—**	**-0.1**

The income and expenses from business relations with unconsolidated structured entities are shown in investment income insofar as they result from general investment activities or investments in catastrophe bonds and are recognised in the technical account insofar as they are attributable to retrocessions and securitisations.

As at the balance sheet date Hannover Re had not rendered any financial or other support for an unconsolidated structured entity. Hannover Re does not intend to render financial or other support for one or more of such entities without being contractually required to do so.

Kubera Insurance (SAC) Ltd established a segregated account that gathered investor capital by means of issued bonds and was made available to an Australian intermediary of insurance business under a swap agreement for the financing of the latter's business. Repayment of the bonds is contingent on the development of the intermediary's business. Hannover Re is an investor in this bond through one of its subsidiaries along with other external parties. The segregated account can be used flexibly for additional rounds of financing. Hannover Re is not the owner of the segregated account.

With regard to commitments and obligations that we do not consider to be support, particularly outstanding capital commitments from special investments, please see our remarks in section 9.7 "Contingent liabilities and commitments".

4.3. Major acquisitions and new formations

Joint HR MR Private Equity GmbH, in which Hannover Rück SE and E+S Rückversicherung AG together held a 50% equity interest, was split up effective 1 July 2024 by mutual agreement with the joint venture partner Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft. The legal successor to Joint HR MR Private Equity GmbH was Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft. While the strategies of the joint venture partners were well attuned in the previous market environment, Munich Re and Hannover Re reached the decision in their strategy processes to pursue different strategies going forward with a differentiated risk appetite.

As a consequence of the demerger, the shares in HR PE GmbH and E+S PE GmbH (as well as all other shares held by these companies), which were contributed in full when the joint venture was established, reverted to Hannover Rück SE and E+S Rückversicherung AG respectively. Hannover Rück SE and E+S Rückversicherung AG held direct minority interests in two subsidiaries of HR PE GmbH and E+S PE GmbH at the time of the demerger. These minority interests were recognised at fair value in the consolidated financial statements, with the fair value at the time of the demerger of the joint venture amounting to around EUR 339 million.

The fair value of the consideration paid amounted to altogether EUR 2,006 million. This is made up of the pro rata fair value of the joint venture at the time of the demerger and a compensation payment of around EUR 21 million to be made to the joint venture partner, since the demerger agreement did not provide for a demerger on a parity basis. Together with the fair value of the minority interests already held in an amount of EUR 339 million, this results in a total of EUR 2,345 million. This figure includes loans of EUR 171 million extended to Hannover Rück SE and E+S Rückversicherung AG, which are eliminated in the consolidated financial statements as part of debt consolidation (actual pre-existing relationship), producing a fair value of the acquired net assets in the amount of EUR 2,174 million.

The acquisition does not result in any goodwill. There are no other contingent purchase price payments. The net assets of EUR 2,174 million recognised by the acquired companies consist of acquired assets of EUR 2,229 million and acquired liabilities of EUR 55 million. The assets are comprised very largely of private equity investments held in the amount of EUR 2,066 million. Since the acquisition date, the companies have generated an operating profit (EBIT) of EUR 54 million. Equity effects recognised directly in equity arise solely from the translation of different functional currencies to the Group currency. We refer to our explanatory remarks on the joint venture for information regarding the effects of the companies on earnings.

In June 2024, the company Sustainable Timber Asia GmbH (formerly: Kronen 3024 GmbH), based in Cologne, Germany, was acquired and included in the consolidated financial statements with effect from the third quarter of 2024 following the commencement of active business operations. Hannover Re Euro RE Holdings GmbH, Hannover, holds 53.6% of the shares in the company. The object of the company is to build, hold and manage a portfolio of passive investments in sustainable forestry projects.

4.4. Major disposals and retirements

Apart from the splitting up of Joint HR MR Private Equity GmbH described in the previous section, no other major disposals or retirements occurred in the 2024 financial year.

4.5. Other corporate changes

Effective 10 April 2024, Hannover Re South Africa Limited, Johannesburg, South Africa, a subsidiary of our subgroup Hannover Reinsurance Group Africa (Pty) Ltd., acquired further shares in Lireas Holdings (Pty) Ltd., also based in Johannesburg, for a purchase price equivalent to EUR 6.9 million from a third party outside the Group. On completion of the transaction Hannover Re South Africa Limited holds all the shares in Lireas Holdings by way of a 30% increase in the shareholding without a change in control status. The effects of the change in the amount of the shareholding were recognised in the consolidated financial statements as an equity transaction pursuant to IFRS 10.

5. Segment reporting

Based on the “management approach” of IFRS 8, which requires segment information to be presented as it is reported internally to management and normally used by the chief operating decision maker to decide upon the allocation of resources to a segment and evaluate its performance, Hannover Re has identified the reportable segments of property & casualty reinsurance and life & health reinsurance. With regard to the object of business operations within the two segments please see our explanatory remarks on Hannover Re’s business model in the management report. The report on economic position contains remarks on the economic environment in which the Group operates.

The segment information shown follows the system used for internal reporting purposes, on the basis of which the full Executive Board regularly evaluates the performance of segments and decides on the allocation of resources to them.

The “Consolidation” column includes not only the elimination of cross-segment transactions but also, more significantly, companies whose business operations cannot be unambiguously allocated to property and casualty reinsurance or life and health reinsurance. These are principally the service and financing companies belonging to the Group.

During the financial year no material changes occurred in the organisational structure that could have influenced the composition of the segments. The company shares acquired as a consequence of the splitting up of the participation held in Joint HR MR Private Equity GmbH in the property and casualty reinsurance segment are still allocated to the property and casualty reinsurance segment. The same applies to the company Sustainable Timber Asia GmbH. Since the performance indicators used to steer the segments correspond to the system according to which the consolidated financial statement is prepared, a separate reconciliation of the segment results with the Group result is not provided.

There is no cross-segment gross reinsurance revenue between the segments of property & casualty reinsurance and life & health reinsurance. To this extent, the reinsurance revenue shown involves exclusively amounts from business with external third parties.

Consolidated segment report

Segmentation of assets	Property and casualty reinsurance		Life and health reinsurance		Consolidation		Total	
in EUR million	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Assets								
Financial investments – at fair value through OCI	39,841.3	45,072.6	10,748.6	11,035.4	29.2	32.0	50,619.1	56,140.0
Financial investments – at fair value through profit or loss	3,458.1	5,523.6	494.9	907.9	1.2	1.3	3,954.1	6,432.8
Investment property	2,536.5	2,605.2	—	—	—	—	2,536.5	2,605.2
Investments in associated companies and joint ventures	1,974.3	72.4	81.9	46.7	—	—	2,056.2	119.1
Other invested assets	505.1	154.2	457.8	436.9	—	—	963.0	591.1
Total investments	**48,315.4**	**53,428.0**	**11,783.1**	**12,426.9**	**30.4**	**33.3**	**60,128.9**	**65,888.2**
Reinsurance recoverables on liability for incurred claims	1,890.4	2,086.1	341.0	479.9	—	—	2,231.4	2,566.1
Reinsurance recoverables on liability for remaining coverage	-555.0	-804.8	-150.5	-259.8	—	—	-705.5	-1,064.6
Recoverables on reinsurance contracts retroceded	**1,335.3**	**1,281.4**	**190.6**	**220.1**	**—**	**—**	**1,525.9**	**1,501.5**
Reinsurance contracts issued in an asset position	153.8	631.7	866.0	874.0	—	—	1,019.8	1,505.7
Cash and cash equivalents	698.8	938.5	350.0	308.8	6.0	5.8	1,054.8	1,253.1
Other segment assets [1]	3,446.2	2,883.5	319.7	281.0	-2,617.5	-1,916.7	1,148.3	1,247.8
Assets held for sale	—	40.4	—	—	—	—	—	40.4
Total segment assets	**53,949.5**	**59,203.4**	**13,509.4**	**14,110.9**	**-2,581.1**	**-1,877.6**	**64,877.7**	**71,436.7**
Deferred tax assets and tax receivables							787.4	690.6
Total assets							**65,665.1**	**72,127.3**

Segmentation of liabilities								
in EUR million								
Liabilities								
Liability for incurred claims (LIC)	37,421.0	41,747.3	8,793.1	8,739.6	—	—	46,214.1	50,486.9
Liability for remaining coverage (LRC)	-2,155.6	-2,129.0	180.9	559.7	—	—	-1,974.7	-1,569.3
Liabilities from reinsurance contracts issued	**35,265.4**	**39,618.3**	**8,974.0**	**9,299.3**	**—**	**—**	**44,239.4**	**48,917.6**
Reinsurance contracts retroceded in a liability position	417.2	448.5	281.7	207.8	—	—	698.9	656.3
Financing liabilities	849.0	642.3	31.3	27.8	3,995.2	3,998.8	4,875.5	4,669.0
Other segment liabilities [1]	1,830.7	1,976.6	3,275.9	2,712.8	-2,597.9	-1,894.5	2,508.6	2,794.9
Total segment liabilities	**38,362.4**	**42,685.6**	**12,562.8**	**12,247.7**	**1,397.2**	**2,104.3**	**52,322.4**	**57,037.7**
Taxes							225.9	603.9
Deferred tax liabilities							2,097.3	1,797.4
Total liabilities							**54,645.6**	**59,439.0**

[1] Adjusted, cf. section 3.1

Consolidated segment report

Segment statement of income	Property and casualty reinsurance		Life and health reinsurance		Consolidation		Total	
in EUR million	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Reinsurance revenue (gross)	16,823.9	18,664.7	7,632.5	7,714.5	—	—	24,456.5	26,379.3
Reinsurance service expenses (gross)	14,088.4	14,893.3	6,713.7	6,804.9	—	—	20,802.1	21,698.2
Reinsurance service result (gross)	**2,735.5**	**3,771.5**	**918.9**	**909.7**	**—**	**—**	**3,654.4**	**4,681.1**
Reinsurance revenue (retroceded)	2,626.4	2,778.4	743.9	565.3	—	—	3,370.3	3,343.8
Reinsurance service expenses (retroceded)	739.4	1,142.6	634.9	538.6	—	—	1,374.2	1,681.2
Result from reinsurance contracts (retroceded)	**-1,887.0**	**-1,635.9**	**-109.1**	**-26.7**	**—**	**—**	**-1,996.1**	**-1,662.6**
Reinsurance service result (net)	**848.5**	**2,135.6**	**809.8**	**882.9**	**—**	**—**	**1,658.3**	**3,018.5**
Reinsurance finance result (net) before currency gains/losses	-722.0	-944.7	-158.2	-170.3	—	—	-880.3	-1,115.0
Investment result	1,170.7	1,607.3	415.4	396.1	2.1	1.6	1,588.2	2,005.0
thereof								
Expected credit losses, impairment, depreciation and appreciation of investments	-153.4	-101.5	-2.4	3.4	—	-0.2	-155.8	-98.3
Change in fair value of financial instruments	-3.2	-38.5	79.2	41.3	—	—	76.0	2.7
Profit/loss from investments in associated companies and joint ventures	15.4	63.8	0.9	-36.4	—	—	16.3	27.4
Currency result	100.0	-143.0	-13.4	35.0	0.1	—	86.7	-108.0
Other income/expenses	-298.6	-268.0	-182.4	-209.8	-0.7	-5.1	-481.7	-482.9
Operating profit/loss (EBIT)	**1,098.6**	**2,387.3**	**871.2**	**933.9**	**1.5**	**-3.6**	**1,971.2**	**3,317.6**
Financing costs	2.0	2.2	0.9	0.9	114.3	101.2	117.2	104.3
Net income before taxes	**1,096.5**	**2,385.0**	**870.3**	**933.0**	**-112.9**	**-104.8**	**1,854.0**	**3,213.3**
Taxes							26.4	816.5
Net income							**1,827.6**	**2,396.8**
Non-controlling interest in profit and loss							2.8	68.1
Group net income							**1,824.8**	**2,328.7**

6. Notes on the individual items of the balance sheet

6.1. Investments

Investments are classified and measured in accordance with IFRS 9 “Financial Instruments”. Hannover Re classifies investments according to the categories at fair value through OCI and at fair value through profit or loss, while measurement at amortised cost is applied only in exceptional cases. The allocation and measurement of investments is guided by the respective investment intent (business model) and the type of cash flows.

The investments also include investment property, investments in associated companies and joint ventures as well as other invested assets. Real estate and investments held by disposal groups for which an intention to sell exists in accordance with IFRS 5 are shown separately in the consolidated balance sheet if appropriate facts and circumstances apply.

The following table shows the regional origin of the investments.

Investments

in EUR million	2023	2024
Regional origin		
Germany	11,065.3	10,423.7
United Kingdom	3,245.4	4,287.5
France	2,152.1	2,356.4
Other	7,544.0	9,273.3
Europe	**24,006.9**	**26,340.9**
USA	20,191.5	21,809.2
Other	4,683.4	5,336.6
North America	**24,874.8**	**27,145.8**
Asia	6,002.5	6,545.6
Australia	3,821.1	4,171.1
Australasia	**9,823.6**	**10,716.7**
Africa	191.2	255.0
Other	1,232.4	1,429.8
Total	**60,128.9**	**65,888.2**

Maturities of fixed-income and variable-yield debt instruments

in EUR million		2023		2024
	Amortised cost [1]	Fair value	Amortised cost [1]	Fair value
Financial investments – at fair value through OCI				
due in one year	8,152.6	8,112.0	10,022.3	10,010.1
due after one through two years	4,579.2	4,493.1	7,303.9	7,221.7
due after two through three years	6,626.4	6,440.1	4,366.0	4,295.4
due after three through four years	3,237.5	3,111.5	4,705.0	4,607.9
due after four through five years	4,334.3	4,217.1	4,799.8	4,629.4
due after five through ten years	15,310.2	14,134.5	15,840.4	14,859.6
due after more than ten years	11,348.3	9,862.4	12,066.1	10,182.1
no maturity	248.3	248.3	205.9	205.9
Total	**53,836.8**	**50,619.1**	**59,309.5**	**56,012.2**
Financial investments – at fair value through profit or loss				
due in one year	1,435.8	1,435.8	1,511.6	1,511.6
due after one through two years	173.9	173.9	179.7	179.7
due after two through three years	102.1	102.1	76.2	76.2
due after three through four years	49.8	49.8	36.3	36.3
due after four through five years	11.1	11.1	15.0	15.0
due after five through ten years	32.3	32.3	70.3	70.3
due after more than ten years	199.9	199.9	246.2	246.2
no maturity	1,949.1	1,949.1	4,297.6	4,297.6
Total	**3,954.1**	**3,954.1**	**6,432.8**	**6,432.8**

[1] Including accrued interest

The stated maturities may in individual cases diverge from the contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

Variable-rate bonds (so-called “floaters”) are shown under the maturities due in one year and constitute an interest-related, within-the-year reinvestment risk.

Amortised cost, unrealised gains and losses and accrued interest on financial instruments at fair value through OCI as well as their fair value

in EUR million	2023					2024				
	Cost or amortised cost incl. accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value	Cost or amortised cost incl. accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Debt instruments										
Government debt securities of EU member states	5,570.4	24.4	14.3	557.0	5,027.8	6,308.3	29.9	6.3	694.3	5,620.3
US Treasury notes	11,660.7	60.1	24.0	703.2	10,981.5	11,403.7	64.6	4.6	893.6	10,514.7
Other foreign government debt securities	5,471.0	41.5	35.5	174.0	5,332.4	6,054.3	49.9	83.4	241.8	5,895.9
Debt securities issued by semi-governmental entities	9,399.9	93.0	63.7	543.5	8,920.1	10,218.8	106.0	67.8	528.2	9,758.4
Corporate securities	17,282.3	195.8	113.5	1,266.0	16,129.8	20,567.7	206.5	146.6	1,108.7	19,605.6
Covered bonds/asset-backed securities	4,176.3	46.8	18.3	242.6	3,951.9	4,471.8	51.8	26.2	167.2	4,330.8
Other	276.2	1.4	—	0.7	275.5	284.8	3.5	1.5	—	286.4
Total	**53,836.8**	**463.0**	**269.4**	**3,487.0**	**50,619.1**	**59,309.5**	**512.3**	**336.4**	**3,633.7**	**56,012.2**
Equity instruments										
Shares	1.2	—	—	1.2	—	1.2	—	0.7	1.2	0.7
Participating interests – other	—	—	—	—	—	132.3	—	2.7	7.7	127.2
Total	**1.2**	**—**	**—**	**1.2**	**—**	**133.4**	**—**	**3.3**	**8.9**	**127.9**
Total	**53,837.9**	**463.0**	**269.4**	**3,488.2**	**50,619.1**	**59,442.9**	**512.3**	**339.7**	**3,642.6**	**56,140.0**

The carrying amount of the debt instruments is arrived at from the amortised cost including accrued interest as well as the unrealised gains and losses.

Fair values before and after accrued interest as well as accrued interest from financial instruments at fair value through profit or loss

in EUR million	2023	2024	2023	2024	2023	2024
	Fair value before accrued interest		Accrued interest		Fair value	
Debt instruments						
Other foreign government debt securities	—	1.3	—	—	—	1.3
Debt securities issued by semi-governmental entities	0.6	12.5	—	0.3	0.7	12.7
Corporate securities	425.0	442.1	5.2	4.6	430.2	446.8
Covered bonds/asset-backed securities	1.5	1.3	—	—	1.5	1.3
Other	53.3	48.3	—	—	53.3	48.3
	480.5	**505.4**	**5.2**	**4.9**	**485.7**	**510.4**
Derivative instruments	263.6	231.9	-1.2	-1.5	262.5	230.4
Investment funds measured at fair value through profit or loss	2,233.0	5,136.6	—	—	2,233.0	5,136.6
Short-term investments	949.1	536.2	11.3	6.1	960.4	542.3
Other financial instruments at fair value through profit and loss	12.6	13.1	—	—	12.6	13.1
	3,458.3	**5,917.8**	**10.2**	**4.6**	**3,468.4**	**5,922.4**
Total	**3,938.7**	**6,423.3**	**15.4**	**9.6**	**3,954.1**	**6,432.8**

The carrying amounts of the financial instruments at fair value through profit or loss correspond to their fair values including accrued interest.

Hannover Re recognised in this category as at the balance sheet date primarily debt instruments and investment funds that do not meet the SPPI ("solely payment of principal and interest") test due to the characteristics of their cash flows.

Analysis of the fair value changes in the portfolio of fixed-income securities at fair value through profit or loss indicated that, just as in the previous year, no fair value changes were attributable to a changed credit risk. We additionally use an internal rating method to back up this analysis. Our internal rating system is based on the corresponding credit ratings of securities assigned by the agencies Standard & Poor's and Moody's and in each case reflects the lowest of the available ratings.

For further information please see the explanatory remarks in section 9.1 "Derivative financial instruments and financial guarantees".

Changes in ECL

2023 (in EUR million)

	Opening balance	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Additions	Disposals	Utilisation	Other [1]	Closing balance
Stage 1	48.4	6.0	-4.1	—	17.1	9.7	—	-11.1	46.7
Stage 2	14.9	-6.0	11.1	-8.5	—	7.5	—	12.4	16.4
Stage 3	116.0	—	-7.0	8.5	—	2.5	—	7.8	122.9
Simplified impairment model	0.4	—	—	—	—	—	—	0.3	0.7
Total	**179.7**	**—**	**—**	**—**	**17.1**	**19.6**	**—**	**9.4**	**186.7**

2024 (in EUR million)

	Opening balance	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Additions	Disposals	Utilisation	Other [1]	Closing balance
Stage 1	46.7	2.3	-1.2	—	24.3	13.4	—	-12.5	46.3
Stage 2	16.4	-2.3	1.2	-0.3	—	6.6	—	4.4	12.8
Stage 3	122.9	—	—	0.3	—	3.4	59.2	19.8	80.4
Simplified impairment model	0.7	—	—	—	—	—	—	0.3	1.1
Total	**186.7**	**—**	**—**	**—**	**24.4**	**23.4**	**59.2**	**12.1**	**140.6**

[1] Including changes in underlying risk parameters, including probability of default, point-in-time adjustment factor

An amount of EUR 59.2 million was utilised through the disposal of fixed-income securities recognised in Stage 3 of the three-stage model for recognition of expected credit losses (ECL). Utilisation was recognised in OCI in conformity with the requirements of IFRS 9.

For further explanatory remarks on the impairment criteria please see section **3.1 "Summary of major accounting policies"**.

Rating structure of fixed-income securities

2023 (in EUR million)

	AAA	AA	A	BBB	BB	B	C	Other	Total
Financial investments – at fair value through OCI	12,158.7	17,241.6	9,392.4	8,884.0	1,220.3	264.4	80.3	1,377.3	50,619.1
Financial investments – at fair value through profit or loss	45.1	0.8	77.9	153.6	37.4	1.7	0.4	168.8	485.7
Total	**12,203.9**	**17,242.4**	**9,470.3**	**9,037.6**	**1,257.7**	**266.2**	**80.7**	**1,546.2**	**51,104.8**

2024 (in EUR million)

	AAA	AA	A	BBB	BB	B	C	Other	Total
Financial investments – at fair value through OCI	13,509.8	17,216.3	11,877.9	9,642.1	1,557.5	294.7	48.7	1,865.1	56,012.2
Financial investments – at fair value through profit or loss	40.8	13.9	56.1	157.9	51.7	0.2	1.4	188.4	510.4
Total	**13,550.6**	**17,230.2**	**11,934.0**	**9,800.0**	**1,609.2**	**294.9**	**50.1**	**2,053.5**	**56,522.6**

The maximum credit risk of the items shown here corresponds to their carrying amounts.

Breakdown of investments by currencies

2023 (in EUR million)

	AUD	CAD	CNY	EUR	GBP	USD	ZAR	Other	Total
Financial investments – at fair value through OCI	4,016.9	2,382.1	2,729.3	12,754.8	2,872.2	22,725.8	244.4	2,893.6	50,619.1
Financial investments – at fair value through profit or loss	-212.6	-51.4	—	1,948.0	321.8	861.2	61.2	1,026.0	3,954.1
Investment property	81.1	—	—	960.4	—	838.0	—	657.1	2,536.5
Investments in associated companies	—	—	—	2,055.3	—	—	0.9	—	2,056.2
Other invested assets	—	—	—	674.2	—	285.7	3.1	—	963.0
Total	**3,885.4**	**2,330.7**	**2,729.3**	**18,392.7**	**3,194.0**	**24,710.7**	**309.6**	**4,576.7**	**60,128.9**

2024 (in EUR million)

	AUD	CAD	CNY	EUR	GBP	USD	ZAR	Other	Total
Financial investments – at fair value through OCI	4,048.0	2,515.2	2,812.7	14,061.1	2,903.4	26,173.5	284.4	3,341.9	56,140.0
Financial investments – at fair value through profit or loss	-480.8	-658.6	19.9	2,078.1	135.5	4,998.7	30.4	309.7	6,432.8
Investment property	78.9	—	—	1,045.3	—	890.8	—	590.3	2,605.2
Investments in associated companies	—	—	—	118.4	—	—	0.7	—	119.0
Other invested assets	—	—	—	543.6	9.3	35.0	3.2	—	591.1
Total	**3,646.1**	**1,856.6**	**2,832.6**	**17,846.5**	**3,048.2**	**32,098.0**	**318.7**	**4,241.9**	**65,888.1**

The maximum credit risk of the items shown here corresponds to their carrying amounts.

Associated companies and joint ventures

Investment in material joint ventures

The joint venture "Joint HR MR Private Equity GmbH" held by Hannover Rück SE (roughly 41.3%) and E+S Rückversicherung AG (roughly 8.7%) together with Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft was split up by mutual agreement effective 1 July 2024. For detailed information on the demerger we refer to section 4.3 "Major acquisitions and new formations".

Joint HR MR Private Equity GmbH – condensed balance sheet

in EUR million	2023	2024
Cash and cash equivalents	130.9	—
Other current assets	288.7	—
Non-current assets	3,756.6	—
Current liabilities	39.7	—
Non-current liabilities	9.0	—
Equity	4,127.5	—
thereof non-controlling interests	324.3	—

Joint HR MR Private Equity GmbH – reconciliation to book values

in EUR million	2023	2024
Equity as at 1.1.	4,121.1	4,127.5
Capital increases / additions	7.3	—
Capital repayments	0.3	—
Net income	48.5	131.7
Income and expense recognised directly in equity	-49.1	47.6
Changes in the consolidated group	—	-4,306.8
Equity as at 31.12.	4,127.5	—
thereof non-controlling interests	324.3	—
Group interest in capital	50 %	— %
Group share of equity	1,901.6	—
Goodwill	0.8	—
Book value of Group share	1,902.4	—

Joint HR MR Private Equity GmbH – condensed statement of comprehensive income

in EUR million	2023	2024
	1.1.–31.12.	1.1.–31.12.
Net income from investments	68.6	132.4
Interest income	15.4	3.2
Interest expense	1.7	—
Other income and expenses	-7.8	16.2
Tax expense	26.0	20.1
Net income	48.5	131.7
Income and expense recognised directly in equity	-49.1	47.6
Comprehensive income	**-0.6**	**179.3**
thereof non-controlling interests	5.1	14.7
Group share of net income	14.5	62.0
Dividend receipts	—	—

Investments in associated companies

The associated companies included at equity in the consolidated financial statement that both on an individual basis and in their entirety are not material for the Hannover Re Group pursuant to IFRS 12 are comprised of

- WeHaCo Unternehmensbeteiligungs-GmbH, Hannover, Germany,
- HANNOVER Finanz GmbH, Hannover, Germany,

as well as the following company included at equity within the subgroup Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg, South Africa:

- Clarendon Transport Underwriting Managers (Pty) Ltd., Johannesburg, South Africa,

The following table shows combined financial information on the Hannover Re Group's individually non-material investments in associated companies.

Financial information on investments in non-material associated companies

in EUR million	2023	2024
	1.1.–31.12.	1.1.–31.12.
Group share of net income from continuing operations	1.0	1.9
Group share of income and expense recognised directly in equity	—	—
Group share of total recognised income and expense	**1.0**	**1.9**

The carrying amount of the investments in non-material associated companies changed as follows in the year under review:

Investments in non-material associated companies

in EUR million	2023	2024
Net book value at 31 December of the previous year	**71.2**	**72.0**
Currency translation at 1 January	-0.2	—
Net book value after currency translation	**71.0**	**72.0**
Additions	4.0	—
Disposals	0.3	0.6
Profit or loss on investments in associated companies	1.0	1.9
Dividend payments	3.7	0.9
Net book value at 31 December of the year under review	**72.0**	**72.4**

Investments in material associated companies

FUNIS GmbH & Co. KG, Hannover, a wholly owned subsidiary of Hannover Rück SE, holds 24.6% of the common shares in Monument Insurance Group Limited, Hamilton, Bermuda (MIGL). The participation is identical to the share of voting rights held and – with a seat on the Board of Directors – establishes a significant influence over MIGL. In addition, a subsidiary of MIGL issued non-voting, non-callable preference shares in which inter alia FUNIS held an interest until their return in January. In January FUNIS subscribed disproportionately to newly issued common shares of MIGL, thereby increasing its stake in MIGL from 20% to 24.6%. In the context of initial consolidation for the additionally acquired interest, hidden reserves of EUR 26.2 million were disclosed, which will be amortised as part of subsequent measurement. MIGL is a life insurance group that specialises in acquiring and operating life insurance portfolios and companies in Europe, primarily those in run-off. Measurement at equity is based on a consolidated financial statement drawn up by the company as at 30 September in accordance with UK GAAP, which is reconciled to IFRS and restated if significant transactions or other events occur.

MIGL – condensed balance sheet

in EUR million	2023	2024
Current assets	1,268.1	1,520.8
Non-current assets	13,508.8	13,641.3
Current liabilities	202.1	174.0
Non-current liabilities	13,957.4	14,531.5
Equity at 30 September	617.4	456.6
Updated equity at 31 December	589.7	456.6
thereof non-controlling interests	15.0	6.2

MIGL – reconciliation to book values

in EUR million	2023	2024
Updated equity at 1 January	449.1	589.7
Capital increases	233.3	198.1
Capital repayments	—	183.6
Net income	-34.0	-127.7
Income and expense recognised directly in equity	—	—
Changes in ownership interest with no change of control status	-8.7	-10.6
Changes in the consolidated group	—	—
Dividends	50.0	9.3
Updated equity at 31 December	**589.7**	**456.6**
thereof non-controlling interests	15.0	6.2
Group interest in capital	14.2 %	5.0 %
Group share of equity	81.9	22.5
Hidden reserves	—	24.2
Book value of Group share	**81.9**	**46.7**

MIGL – condensed statement of comprehensive income

in EUR million	2023	2024
	1.1.–31.12.	1.1.–31.12.
Contributions	4,434.9	651.9
Net income from continuing operations	-34.0	-127.7
Net income from discontinued operations	—	—
Net income	-34.0	-127.7
Total income and expense recognised directly in equity	—	—
Total recognised income and expense	-34.0	-127.7
thereof non-controlling interests	-40.0	-13.7
Group share of net income	0.9	-36.4
Dividend receipts	7.8	—

Information on the percentage share held by the Hannover Re Group in the capital of associated companies and joint ventures is provided in the list of shareholdings in section **4.2 "Consolidated companies and complete list of shareholdings"**.

No discontinued operations existed in the year under review among the companies measured at equity. Insofar as there are commitments from contingent liabilities of associated companies and joint ventures, the Hannover Re Group shares in such commitments in proportion to its respective shareholding. Public price listings are not available for companies valued at equity. The net book value of associated companies and joint ventures includes goodwill in the amount of EUR 11.8 million (EUR 11.8 million). For further details please see section **4. "Consolidation"**.

Real estate

Real estate is divided into real estate for own use and investment property. Own-use real estate is recognised under other assets.

The investment property in the portfolio which is used to generate income is shown under the investments. Income and expenses from rental agreements are included in the investment income.

Real estate is valued at cost of acquisition less depreciation with useful lives of at most 50 years as well as impairments in the event of permanent impairment.

Real estate which is held for sale as defined by IFRS 5 is recognised separately in the consolidated balance sheet. Intentions to sell are substantiated by individual real estate market conditions and specific property circumstances, taking into consideration current and future opportunity / risk profiles. In the year under review one property was reclassified to assets held for sale. At the time of reclassification and at the end of the reporting period, the gross book value of the property amounted to EUR 41.5 million (previous year: none) and the cumulative depreciation amounted to EUR 2.5 million (previous year: none). Measurement of the property in connection with classification as a non-current asset held for sale did not result in any impairment.

Development of investment property

in EUR million	2023	2024
Gross book value at 31 December of the previous year	2,639.9	2,978.9
Currency translation at 1 January	-64.0	58.1
Gross book value after currency translation	**2,575.9**	**3,037.0**
Additions	413.0	202.6
Disposals	3.6	52.1
Reclassification to assets held for sale	—	41.5
Currency translation at 31 December	-6.4	-16.2
Gross book value at 31 December of the year under review	**2,978.9**	**3,129.9**
Cumulative depreciation at 31 December of the previous year	320.6	442.4
Currency translation at 1 January	-7.8	15.3
Cumulative depreciation after currency translation	**312.7**	**457.7**
Disposals	1.1	25.4
Depreciation	56.3	60.5
Impairments	79.1	37.5
Appreciation	2.4	2.7
Reclassification to assets held for sale	—	2.5
Currency translation at 31 December	-2.2	-0.5
Cumulative depreciation at 31 December of the year under review	**442.4**	**524.7**
Net book value at 31 December of the previous year	**2,319.3**	**2,536.5**
Net book value at 1 January of the year under review	**2,263.2**	**2,579.3**
Net book value at 31 December of the year under review	**2,536.5**	**2,605.2**

With regard to the right-of-use assets included as part of the accounting of leases, please see section **9.8 "Leases"**.

The fair value of investment property excluding capitalised right-of-use assets amounted to EUR 3,099.6 million (EUR 2,995.0 million) as at the balance sheet date.

In terms of diversification across various real estate sectors, the focus is primarily on office buildings (55%), complemented by logistics properties (31%) and retail (12%). In geographical terms, exposures are spread across the United States (39%), Europe (excluding Germany; 19%) as well as Germany (22%) and Asia (20%).

Changes in this item are attributable to investment activities at the relevant real estate companies belonging to the Hannover Re Group. The real estate in the investment portfolio is normally subject to internal and external valuation by an appraiser as at the balance sheet date. The two analyses do not differ from one another in the methodology used, which means that the findings are comparable at all times and on a continuous basis. Generally speaking, the fair value of the real estate is determined using the German income approach, with rental income capitalised in consideration of the associated management costs. The valuation result is also influenced by increases and reductions based on specific property circumstances (upkeep, vacancies, rent divergences from the market level, etc.). The evaluation of international real estate also draws primarily on the discounted cash flow (DCF) method. The main feature of this method is the present value estimation of projected annual free cash flows.

In addition, we held indirect real estate / infrastructure investments measured at fair values in an amount of EUR 1,221.2 million (EUR 1,043.8 million) in the year under review, which are recognised in the item "Financial investments – at fair value through profit or loss".

Other invested assets

The other invested assets consisted of participating interests measured at fair value in an amount of EUR 591.1 million (EUR 963.0 million), the amortised cost of which amounted to EUR 232.8 million (EUR 613.9 million). The differences between the carrying amounts and the amortised costs were recognised as unrealised gains of EUR 407.6 million (EUR 368.9 million) and unrealised losses of EUR 49.3 million (EUR 19.8 million) under cumulative other comprehensive income.

Short-term investments

This item comprises investments with a maturity of up to one year at the time of investment. This includes overnight and time deposits as well as shares in investment funds that invest in such securities.

Fair value hierarchy

For the purposes of the disclosure requirements pursuant to IFRS 13 "Fair Value Measurement", financial assets and liabilities are to be assigned to a three-level fair value hierarchy.

The fair value hierarchy, which reflects characteristics of the price data and inputs used for measurement purposes, is structured as follows:

- Level 1: Assets or liabilities measured at (unadjusted) prices quoted directly in active and liquid markets.
- Level 2: Assets or liabilities which are measured using observable market data and are not allocable to level 1. Measurement is based, in particular, on prices for comparable assets and liabilities that are traded on active markets, prices on markets that are not considered active as well as inputs derived from such prices or market data.
- Level 3: Assets or liabilities that cannot be measured or can only be partially measured using observable market inputs. The measurement of such instruments draws principally on valuation models and methods.

If input factors from different levels are used to measure a financial instrument, the level of the lowest input factor material to measurement is determinative.

The operational units responsible for coordinating and documenting measurement are organisationally separate from the operational units that enter into investment risks. All relevant valuation processes and valuation methods are documented. Decisions on fundamental valuation issues are taken by a valuation committee that meets monthly.

The following table shows the breakdown of financial assets and liabilities recognised at fair value into the fair value hierarchy.

Fair value hierarchy of financial assets and liabilities recognised at fair value

in EUR million				2023				2024
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments – at fair value through OCI								
Debt instruments	—	49,935.0	684.1	50,619.1	—	55,025.1	987.1	56,012.2
Equity instruments	—	—	—	—	—	—	127.9	127.9
	—	**49,935.0**	**684.1**	**50,619.1**	**—**	**55,025.1**	**1,114.9**	**56,140.0**
Financial investments – at fair value through profit or loss								
Debt instruments	—	434.1	64.2	498.3	—	430.0	93.4	523.4
Derivative instruments	—	107.8	154.7	262.5	—	91.5	138.8	230.4
Investment funds	296.3	192.2	1,744.4	2,233.0	849.6	191.9	4,095.2	5,136.6
Short–term investments	960.4	—	—	960.4	542.3	—	—	542.3
	1,256.7	**734.1**	**1,963.3**	**3,954.1**	**1,392.0**	**713.4**	**4,327.5**	**6,432.8**
Other invested assets								
	—	**—**	**963.0**	**963.0**	**—**	**—**	**591.1**	**591.1**
Financial liabilities (at fair value)								
Negative market values from derivative instruments	—	67.9	8.9	76.8	—	93.0	4.7	97.6
	—	**67.9**	**8.9**	**76.8**	**—**	**93.0**	**4.7**	**97.6**

The following table provides a reconciliation of the fair values of financial assets and liabilities included in level 3 during the financial year.

Movements in level 3 financial assets and liabilities

in EUR million	2023							2024						
	Financial investments – at fair value through OCI		Financial investments – at fair value through profit or loss			Other invested assets	Financial liabilities (at fair value)	Financial investments – at fair value through OCI		Financial investments – at fair value through profit or loss			Other invested assets	Financial liabilities (at fair value)
	Debt instruments	Equity instruments	Debt instruments	Derivative instruments	Investment funds		Negative fair values from derivative instruments	Debt instruments	Equity instruments	Debt instruments	Derivative instruments	Investment funds		Negative fair values from derivative instruments
Net book value at 31 December of the	**585.2**	**—**	**81.4**	**215.4**	**1,530.3**	**813.5**	**14.4**	**684.1**	**—**	**64.2**	**154.7**	**1,744.4**	**963.0**	**8.9**
Currency translation at 1 January	-17.3	—	-2.7	-7.3	-30.1	-0.4	-0.5	26.4	—	3.7	8.9	58.5	15.3	0.5
Net book value after currency translation	**567.9**	**—**	**78.7**	**208.1**	**1,500.1**	**813.1**	**13.9**	**710.5**	**—**	**67.9**	**163.6**	**1,803.0**	**978.3**	**9.4**
Income and expenses recognised in the statement of income	4.4	—	0.3	55.6	-30.4	—	1.1	2.2	—	-1.7	70.3	-46.8	23.4	0.4
Income and expenses recognised directly in shareholders' equity	6.4	—	—	—	—	78.7	—	-1.0	-2.7	—	—	—	2.9	—
Purchases	166.7	—	1.5	—	396.0	80.0	—	272.6	68.6	48.3	—	629.8	51.7	—
Sales	38.6	—	16.6	120.6	117.2	0.7	7.0	53.7	3.2	21.0	92.8	376.5	68.0	4.7
Settlements	21.8	—	—	—	—	—	—	38.0	—	0.3	—	—	—	—
Transfers from level 3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers to level 3	—	—	—	—	—	—	—	88.0	—	—	—	—	—	—
Change in consolidation	—	—	—	—	—	—	—	2.4	—	—	—	2,034.2	-329.0	—
Reclassification	—	—	—	—	—	—	—	—	61.4	—	—	—	-61.4	—
Currency translation at 31 December	-0.9	—	0.3	11.6	-4.0	-8.1	0.9	4.2	3.8	0.2	-2.2	51.4	-6.8	-0.4
Net book value at 31 December of the year	**684.1**	**—**	**64.2**	**154.7**	**1,744.4**	**963.0**	**8.9**	**987.1**	**127.9**	**93.4**	**138.8**	**4,095.2**	**591.1**	**4.7**

The breakdown of income and expenses recognised in the statement of income in the financial year in connection with financial assets and liabilities included in level 3 is as follows:

Income and expenses from level 3 financial assets and liabilities

in EUR million	2023						2024					
	Financial investments – at fair value through OCI	Financial investments – at fair value through profit or loss			Other invested assets	Financial liabilities (at fair value)	Financial investments – at fair value through OCI	Financial investments – at fair value through profit or loss			Other invested assets	Financial liabilities (at fair value)
	Debt instruments	Debt instruments	Derivative instruments	Investment funds		Negative fair values from derivative financial instruments	Debt instruments	Debt instruments	Derivative instruments	Investment funds		Negative fair values from derivative financial instruments
Total in the financial year												
Ordinary investment income	3.1	—	—	—	—	—	2.1	0.3	—	—	—	—
Realised gains and losses on investments	1.3	—	—	—	—	—	0.1	—	—	—	—	—
Change in fair value of financial instruments	—	0.3	55.6	-30.4	—	-1.1	—	-1.9	70.3	-46.8	23.4	-0.4
Thereof attributable to financial instruments included in the portfolio at 31 December												
Ordinary investment income	0.1	—	—	—	—	—	0.5	0.7	—	—	—	—
Change in fair value of financial instruments	—	0.3	16.4	-29.9	—	-1.1	—	-2.2	70.3	-46.8	23.4	-0.4

If models are used to measure financial assets and liabilities included in level 3 under which the adoption of alternative inputs leads to a material change in fair value, IFRS 13 requires disclosure of the effects of these alternative assumptions. Of the financial assets included in level 3 with fair values of altogether EUR 6,033.5 million (EUR 3,610.4 million) as at the balance sheet date, Hannover Re measures financial assets with a volume of EUR 4,095.2 million (EUR 1,744.4 million) using the net asset value method. These items consist principally of shares in private equity and real estate funds. Assuming that the present values of the assets and liabilities contained in the funds would be 10% lower than used for measurement as at the balance sheet date, the fair values for these items would amount to EUR 3,685.7 million. The remaining financial assets included in level 3 with a volume of EUR 1,938.3 million (EUR 1,866.0 million) relate to financial instruments, the valuation of which is based inter alia on technical parameters. Derivative financial instruments in connection with the reinsurance business were recognised under the financial liabilities included in level 3 in the year under review. Their performance is dependent upon lapse rates within an underlying primary insurance portfolio. The application of alternative inputs and assumptions has no material effect on the consolidated financial statement.

6.2. Goodwill

In accordance with IFRS 3 “Business Combinations” amortisation is not taken on goodwill. Goodwill was subject to an impairment test.

Development of goodwill

in EUR million	2023	2024
Net book value at 31 December of the previous year	77.3	78.0
Currency translation at 1 January	0.6	2.0
Net book value at 31 December of the year under review	**78.0**	**79.9**

This item principally includes the goodwill from the acquisitions of E+S Rückversicherung AG in an amount of EUR 36.1 million (36.1 million), Integra Insurance Solutions Limited at EUR 11.5 million (EUR 11.0 million) and Argenta Holdings Limited at EUR 30.5 million (EUR 29.1 million).

For the purposes of the impairment test, the goodwill was allocated to the cash-generating units (CGUs) that represent the lowest level on which goodwill is monitored for internal management purposes. In the instances of goodwill recognised as at the balance sheet date, the CGUs are the respective legal entities. The recoverable amount is established on the basis of the value in use, which is calculated using the discounted cash flow method. In this context, the detailed planning phase draws on the planning calculations of the CGUs / companies covering the next four or five years. These planning calculations represent the outcome of a detailed planning process in which all responsible members of management are involved and where allowance is made for the latest market developments affecting the relevant entity (in relation to the sector and the economy as a whole). The subsequent perpetuity phase is guided by the profit margins and revenue growth rates that management believes can be sustainably generated. The capitalisation rate is based on the Capital Asset Pricing Model (CAPM) as well as growth rates that are considered realistic in light of the specific market environment. The risk-free basic interest rate is determined, where possible, using corresponding yield curve data from the respective national banks. If this data cannot be obtained or can only be obtained with a disproportionately high effort, reference is made to the yields of the respective 30-year government bonds. Both the yield curves and the government bonds reflect the current interest rate trend on financial markets. The selection of the market risk premium is guided by the ranges currently recommended by the Institute of Public Auditors in Germany (IDW). The beta factor is calculated for Hannover Rück SE on the basis of publicly accessible capital market data. The foreign exchange rates used for currency translation correspond to the situation on the balance sheet date.

The following capitalisation rates and growth rates were recognised for the individual cash-generating units:

Capitalisation rates

	2023	2024	2023	2024
	Capitalisation rate		Growth rate	
Argenta Holdings Limited	10.11 %	10.16 %	0.00%	0.00%
E+S Rückversicherung AG	8.26 %	8.00 %	0.00%	0.00%
Integra Insurance Solutions Limited	10.14 %	10.30 %	0.00%	0.00%

The capitalisation rates as well as material / value-influencing items of the respective planning calculations (inter alia reinsurance revenue, premium volumes, investment income or loss ratios) were varied as part of sensitivity analyses. In this context, individual parameters were changed within appropriate bands that can be expected in light of the current market situations and developments. It was established that where changes were made to parameters in areas that could reasonably occur, the values in use were above the corresponding book values. We would also refer to our basic remarks in section **3.1 “Summary of major accounting policies”**.

6.3. Other assets

Other assets

in EUR million	2023	2024
Other intangible assets	134.7	131.7
Insurance for pension commitments	107.5	110.1
Own-use real estate	111.0	109.8
Tax refund claims	159.4	189.2
Fixtures, fittings and equipment	36.7	40.6
Receivables from advance payments and services	135.9	213.3
Sundry [1]	544.5	562.3
Total	**1,229.8**	**1,357.0**

[1] Adjusted, cf. section 3.1

With regard to the right-of-use assets from lease contracts included in the items “Own-use real estate”, “Fixtures, fittings and equipment” and “Sundry”, please see section **9.8 “Leases”**.

The sundry assets consist of accounts receivable of EUR 152.1 million (EUR 141.0 million) that were not allocated to underwriting items.

Insurance for pension commitments

In the past Hannover Rück SE took out insurance covers for pension commitments. The commitments involve, firstly, deferred annuities with regular premium payment under a group insurance policy and, secondly, the funding of direct commitments from deferred compensation for lump-sum payments in the event of death or on reaching retirement age. The insurance covers were carried as a separate asset at fair value in an amount of EUR 110.1 million (EUR 107.5 million).

Fixtures, fittings and equipment

Fixtures, fittings and equipment

in EUR million	2023	2024
Gross book value at 31 December of the previous year	174.0	179.3
Currency translation at 1 January	-2.5	3.5
Gross book value after currency translation	**171.5**	**182.8**
Additions	11.2	17.4
Disposals	3.5	23.0
Currency translation at 31 December	0.1	-0.1
Gross book value at 31 December of the year under review	**179.3**	**177.1**
Cumulative depreciation at 31 December of the previous year	134.3	142.6
Currency translation at 1 January	-2.1	2.7
Cumulative depreciation after currency translation	**132.2**	**145.3**
Disposals	2.4	22.2
Depreciation	12.8	13.6
Currency translation at 31 December	—	-0.3
Cumulative depreciation at 31 December of the year under review	**142.6**	**136.5**
Net book value at 31 December of the previous year	**39.7**	**36.7**
Net book value at 31 December of the year under review	**36.7**	**40.6**

With regard to the measurement of fixtures, fittings and equipment, the reader is referred to our explanatory notes on the other assets in **3.1 "Summary of major accounting policies"**.

With regard to the leased assets contained in this table we would refer to section **9.8 "Leases"**.

Other intangible assets

Development of other intangible assets

in EUR million	2023	2024
Gross book value at 31 December of the previous year	374.0	394.6
Currency translation at 1 January	0.9	4.9
Gross book value after currency translation	**374.9**	**399.5**
Additions	22.4	14.9
Disposals	2.7	8.5
Currency translation at 31 December	-0.1	-0.1
Gross book value at 31 December of the year under review	**394.5**	**405.8**
Cumulative depreciation at 31 December of the previous year	240.3	259.8
Currency translation at 1 January	-0.6	1.2
Cumulative depreciation after currency translation	**239.7**	**261.0**
Disposals	1.9	8.2
Depreciation	21.8	21.0
Currency translation at 31 December	0.2	0.2
Cumulative depreciation at 31 December of the year under review	**259.8**	**274.0**
Net book value at 31 December of the previous year	**133.7**	**134.7**
Net book value at 31 December of the year under review	**134.7**	**131.7**

This item includes EUR 41.1 million (EUR 45.6 million) for purchased software as at the balance sheet date, on which depreciation is taken over useful lives of three to ten years. Of the additions, an amount of EUR 3.9 million (EUR 13.5 million) is attributable to purchased software. Among other things, the amortised cost of the intangible assets identified in connection with the acquisition of Argenta Holdings Limited in an amount of EUR 78.0 million (EUR 75.7 million) is also recognised under other intangible assets.

Credit risks may result from other financial assets that were not overdue or adjusted as at the balance sheet date. In this regard, the reader is referred in general to our comments on the credit risk within the risk report.

6.4. Technical assets and liabilities

The reinsurance recoverables on the liability for incurred claims and the liability for remaining coverage are based on the contractual arrangements of the underlying reinsurance treaties. We would additionally refer to the explanatory remarks in the risk report regarding the type and scope of risks arising out of insurance contracts.

In order to show the net technical liabilities remaining in the retention, the following table presents a summary comparison of the gross liabilities with the corresponding reinsurance recoverables, which are shown as assets in the balance sheet.

Technical liabilities

in EUR million		Liability for incurred claims (LIC)	Liability for remaining coverage (LRC)	Total
2023	Issued	46,214.1	-1,974.7	**44,239.4**
	Retroceded	2,231.4	-705.5	**1,525.9**
	Net	43,982.7	-1,269.2	**42,713.5**
2024	Issued	50,486.9	-1,569.3	**48,917.5**
	Retroceded	2,566.1	-1,064.6	**1,501.5**
	Net	47,920.8	-504.8	**47,416.0**

In addition, we recognised assets from reinsurance contracts issued of EUR 1,505.7 million (EUR 1,019.8 million) and liabilities from reinsurance contracts held of EUR 656.3 million (EUR 698.9 million) as at the balance sheet date.

The liability for incurred claims is in principle calculated on the basis of the information supplied by ceding companies. Additional IBNR reserves are established for losses that have already been incurred but not yet reported. The movement in the liability for remaining coverage is shown in the following tables. The presentation differentiates in each case between reinsurance contracts issued and held.

Confidence level of the technical reserves

Applying our "pricing margin approach"(cf. explanatory remarks on the risk adjustment for non-financial risk in section **3.1 "Summary of major accounting policies"**) and allowing for risk diversification between the companies belonging to the Hannover Re Group, the confidence level for our technical reserves as at the balance sheet date is 82.8% (83.1%).

In contrast to the calculation of risk capital under Solvency II, the determination of the confidence level is based not on consideration of the one-year horizon but rather an ultimate perspective. Presentation based on the one-year horizon would result in a higher confidence level.

Movement in carrying amount of liabilities for remaining coverage and for incurred claims – reinsurance contracts issued

in EUR million				2023				2024
	LRC excluding loss component	Loss component	LIC	Total	LRC excluding loss component	Loss component	LIC	Total
Opening balance – assets	**2,204.4**	**45.9**	**-802.2**	**1,448.1**	**1,394.4**	**-2.3**	**-372.3**	**1,019.8**
Opening balance – liabilities	**-1,691.2**	**534.8**	**42,925.4**	**41,769.0**	**-2,480.3**	**505.6**	**46,214.1**	**44,239.4**
Opening balance – net	**-3,895.6**	**488.9**	**43,727.6**	**40,320.9**	**-3,874.8**	**507.9**	**46,586.5**	**43,219.6**
Contracts under the modified retrospective approach	-2,337.9	—	—	-2,337.9	-2,273.6	—	—	-2,273.6
Contracts under the fair value approach	-5,109.3	—	—	-5,109.3	-4,861.0	—	—	-4,861.0
Other contracts	-17,009.3	—	—	-17,009.3	-19,244.5	—	—	-19,244.5
Reinsurance revenue	**-24,456.5**	**—**	**—**	**-24,456.5**	**-26,379.2**	**—**	**—**	**-26,379.2**
Incurred claims and other reinsurance service expenses	4.5	-281.5	20,633.1	20,356.1	-0.2	-183.7	20,449.3	20,265.4
Amortisation of insurance acquisition cash flows	545.7	—	—	545.7	1,006.7	—	—	1,006.7
Losses and reversal of losses on onerous contracts	—	306.6	—	306.6	0.1	480.8	—	480.9
Adjustments to liabilities for incurred claims	—	—	-406.3	-406.3	—	—	-54.8	-54.8
Reinsurance service expenses	**550.1**	**25.2**	**20,226.8**	**20,802.1**	**1,006.6**	**297.1**	**20,394.5**	**21,698.2**
Investment component	**-5,854.1**	**—**	**5,854.1**	**—**	**-5,949.1**	**—**	**5,949.1**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	705.6	12.1	1,417.3	2,135.0	929.4	16.7	827.1	1,773.2
Currency gains/losses	16.0	-18.3	-952.2	-954.4	-28.6	13.8	1,350.3	1,335.6
Reinsurance finance result	**721.6**	**-6.2**	**465.1**	**1,180.6**	**900.9**	**30.5**	**2,177.4**	**3,108.8**
Premiums received	29,620.2	—	—	29,620.2	31,398.0	—	—	31,398.0
Claims and other reinsurance service expenses paid, including investment components	—	—	-23,687.2	-23,687.2	—	—	-24,728.8	-24,728.8
Insurance acquisition cash flows paid	-560.5	—	—	-560.5	-904.8	—	—	-904.8
Cash flows	**29,059.7**	**—**	**-23,687.2**	**5,372.5**	**30,493.2**	**—**	**-24,728.8**	**5,764.5**
Closing balance – assets	**1,394.4**	**-2.3**	**-372.3**	**1,019.8**	**1,416.6**	**-19.1**	**108.2**	**1,505.7**
Closing balance – liabilities	**-2,480.3**	**505.6**	**46,214.1**	**44,239.4**	**-2,385.7**	**816.4**	**50,486.9**	**48,917.5**
Closing balance – net	**-3,874.8**	**507.9**	**46,586.5**	**43,219.6**	**-3,802.3**	**835.5**	**50,378.7**	**47,411.8**

Movement in carrying amount by measurement components – reinsurance contracts issued

in EUR million						2023						2024
					CSM						CSM	
	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening balance – assets	**2,573.4**	**-123.6**	**-355.9**	**-424.8**	**-221.1**	**1,448.1**	**2,322.9**	**-113.4**	**-320.5**	**-385.3**	**-483.9**	**1,019.8**
Opening balance – liabilities	**32,207.7**	**3,784.6**	**1,492.4**	**2,513.0**	**1,771.3**	**41,769.0**	**33,564.3**	**3,822.2**	**2,085.4**	**2,455.3**	**2,312.3**	**44,239.4**
Opening balance	**29,634.3**	**3,908.1**	**1,848.3**	**2,937.8**	**1,992.4**	**40,320.9**	**31,241.3**	**3,935.6**	**2,405.9**	**2,840.6**	**2,796.2**	**43,219.6**
CSM recognised in the profit or loss for services provided	—	—	-255.7	-581.6	-2,766.2	-3,603.5	—	—	-232.0	-612.0	-4,279.5	-5,123.5
Change in risk adjustment for non-financial risk expired	—	-310.7	—	—	—	-310.7	—	-308.8	—	—	—	-308.8
Experience adjustments	355.0	—	—	—	—	355.0	324.8	—	—	—	—	324.8
Reinsurance service result – changes relate to current service	**355.0**	**-310.7**	**-255.7**	**-581.6**	**-2,766.2**	**-3,559.2**	**324.8**	**-308.8**	**-232.0**	**-612.0**	**-4,279.5**	**-5,107.5**
Contracts initially recognised in the year	-3,985.6	350.3	—	—	3,690.1	54.7	-4,594.9	333.0	—	—	4,310.2	48.3
Changes in estimates that adjust the CSM	-1,029.2	-44.3	761.2	517.6	-200.8	4.5	-1,226.4	136.2	268.4	488.7	332.9	-0.1
Changes in estimates that result in losses and reversal of losses on onerous contracts	78.0	173.9	—	—	—	251.9	339.5	93.6	—	—	—	433.1
Reinsurance service result – changes relate to future service	**-4,936.9**	**479.8**	**761.2**	**517.6**	**3,489.4**	**311.1**	**-5,481.7**	**562.8**	**268.4**	**488.7**	**4,643.0**	**481.2**
Reinsurance service result – changes that relate to past service	**-101.2**	**-305.0**	**—**	**—**	**—**	**-406.3**	**92.8**	**-147.5**	**—**	**—**	**—**	**-54.8**
Reinsurance finance result before currency gains/losses plus changes through OCI	1,616.6	258.0	62.5	54.9	142.9	2,135.0	1,427.7	1.1	82.5	62.9	199.0	1,773.2
Currency gains/losses	-698.9	-94.6	-10.4	-88.1	-62.3	-954.4	876.9	141.7	77.3	124.6	115.0	1,335.6
Reinsurance finance result	**917.7**	**163.4**	**52.1**	**-33.2**	**80.6**	**1,180.6**	**2,304.6**	**142.8**	**159.8**	**187.5**	**314.0**	**3,108.8**
Premiums received	29,620.2	—	—	—	—	29,620.2	31,398.0	—	—	—	—	31,398.0
Claims and other reinsurance service expenses paid, including investment components	-23,687.2	—	—	—	—	-23,687.2	-24,728.8	—	—	—	—	-24,728.8
Insurance acquisition cash flows paid	-560.5	—	—	—	—	-560.5	-904.8	—	—	—	—	-904.8
Cash flows	**5,372.5**	**—**	**—**	**—**	**—**	**5,372.5**	**5,764.5**	**—**	**—**	**—**	**—**	**5,764.5**
Closing balance – assets	**2,322.9**	**-113.4**	**-320.5**	**-385.3**	**-483.9**	**1,019.8**	**2,424.1**	**-50.7**	**-107.5**	**-242.9**	**-517.3**	**1,505.7**
Closing balance – liabilities	**33,564.3**	**3,822.2**	**2,085.4**	**2,455.3**	**2,312.3**	**44,239.4**	**36,670.3**	**4,134.2**	**2,494.7**	**2,661.9**	**2,956.4**	**48,917.5**
Closing balance – net	**31,241.3**	**3,935.6**	**2,405.9**	**2,840.6**	**2,796.2**	**43,219.6**	**34,246.3**	**4,184.9**	**2,602.2**	**2,904.8**	**3,473.7**	**47,411.8**

Movement in carrying amount of liabilities for remaining coverage and for incurred claims – reinsurance contracts held

in EUR million				2023				2024
	Reinsurance recoverables on LRC without loss recovery component	Loss recovery component	Reinsurance recoverables on LIC	Total	Reinsurance recoverables on LRC without loss recovery component	Loss recovery component	Reinsurance recoverables on LIC	Total
Opening balance – assets	**166.5**	**21.5**	**2,401.5**	**2,589.6**	**-711.0**	**5.5**	**2,231.4**	**1,525.9**
Opening balance – liabilities	**1,548.5**	**0.1**	**-991.8**	**556.7**	**1,734.8**	**-21.4**	**-1,014.5**	**698.9**
Opening balance – net	**-1,381.9**	**21.4**	**3,393.4**	**2,032.8**	**-2,445.9**	**26.9**	**3,245.9**	**827.0**
Reinsurance revenue (ceded)	-3,367.0	—	—	-3,367.0	-3,343.8	—	—	-3,343.8
Incurred claims and other reinsurance service expenses	-1.4	-0.7	1,441.3	1,439.2	—	-0.8	1,702.5	1,701.7
Amortisation of insurance acquisition cash flows	4.1	—	—	4.1	32.6	—	—	32.6
Losses and reversal of losses on onerous contracts	—	6.8	—	6.8	—	-4.6	—	-4.6
Adjustments to liabilities for incurred claims	—	—	-79.2	-79.2	—	—	-48.5	-48.5
Reinsurance service result – net expenses from reinsurance contracts retroceded	**-3,364.3**	**6.1**	**1,362.1**	**-1,996.1**	**-3,311.2**	**-5.5**	**1,654.1**	**-1,662.6**
thereof changes in non-performance risk of reinsurers	-57.3	—	-3.3	-60.6	0.1	—	3.8	3.9
Investment component	**-432.3**	**—**	**432.3**	**—**	**-424.4**	**—**	**424.4**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	21.0	0.7	105.2	127.0	23.1	1.0	64.7	88.8
Currency gains/losses	28.8	-1.3	-62.8	-35.3	-114.6	0.7	152.0	38.0
Reinsurance finance result	**49.8**	**-0.5**	**42.5**	**91.7**	**-91.5**	**1.7**	**216.7**	**126.8**
Premiums paid	2,678.9	—	—	2,678.9	3,535.6	—	—	3,535.6
Claims and other reinsurance service expenses received, including investment components	—	—	-1,984.3	-1,984.3	—	—	-1,986.6	-1,986.6
Insurance acquisition cash flows	4.0	—	—	4.0	4.9	—	—	4.9
Cash flows	**2,682.9**	**—**	**-1,984.3**	**698.6**	**3,540.5**	**—**	**-1,986.6**	**1,554.0**
Closing balance – assets	**-711.0**	**5.5**	**2,231.4**	**1,525.9**	**-1,102.4**	**37.9**	**2,566.1**	**1,501.5**
Closing balance – liabilities	**1,734.8**	**-21.4**	**-1,014.5**	**698.9**	**1,630.0**	**14.7**	**-988.5**	**656.3**
Closing balance – net	**-2,445.9**	**26.9**	**3,245.9**	**827.0**	**-2,732.4**	**23.1**	**3,554.5**	**845.2**

Movement in carrying amount by measurement components – reinsurance contracts held

in EUR million	2023						2024					
	EPV of future cash flows	Risk adjustment for non-financial risk	CSM			Total	EPV of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Opening balance – assets	**2,475.8**	**64.2**	**-3.7**	**17.5**	**35.7**	**2,589.6**	**1,043.3**	**140.8**	**52.9**	**46.8**	**242.1**	**1,525.9**
Opening balance – liabilities	**855.2**	**-126.9**	**-162.9**	**-55.0**	**46.3**	**556.7**	**766.8**	**-66.2**	**-5.7**	**29.5**	**-25.6**	**698.9**
Opening balance – net	**1,620.6**	**191.1**	**159.2**	**72.5**	**-10.6**	**2,032.8**	**276.5**	**207.0**	**58.7**	**17.2**	**267.7**	**827.0**
CSM recognised in the profit or loss for services provided	—	—	-204.3	2.2	-720.6	-922.8	—	—	-7.0	-3.8	-957.9	-968.6
Change in risk adjustment for non-financial risk expired	—	-20.8	—	—	—	-20.8	—	-39.6	—	—	—	-39.6
Experience adjustments	-918.1	—	—	—	—	-918.1	-605.2	—	—	—	—	-605.2
Reinsurance service result – changes relate to current service	**-918.1**	**-20.8**	**-204.3**	**2.2**	**-720.6**	**-1,861.7**	**-605.2**	**-39.6**	**-7.0**	**-3.8**	**-957.9**	**-1,613.4**
Contracts initially recognised in the year	-1,030.0	66.3	—	—	963.6	—	-1,291.9	31.0	—	—	1,260.9	—
Changes in recoveries of losses on onerous underlying contracts	0.9	—	—	—	-0.9	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	-87.9	18.9	95.4	-58.5	30.7	-1.4	-120.0	3.8	10.5	14.7	91.0	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	7.5	-0.7	—	—	—	6.8	-7.5	2.8	—	—	—	-4.6
Reinsurance service result – changes relate to future service	**-1,109.6**	**84.6**	**95.4**	**-58.5**	**993.5**	**5.4**	**-1,419.3**	**37.6**	**10.5**	**14.7**	**1,351.8**	**-4.6**
Reinsurance service result – changes that relate to past service	**-25.4**	**-53.8**	**—**	**—**	**—**	**-79.2**	**-14.1**	**-34.4**	**—**	**—**	**—**	**-48.5**
Reinsurance service result – Changes in non-performance risk of reinsurers	**-60.6**	**—**	**—**	**—**	**—**	**-60.6**	**3.9**	**—**	**—**	**—**	**—**	**3.9**
Reinsurance finance result before currency gains/losses plus changes through OCI	100.2	9.1	4.8	1.4	11.5	127.0	48.8	2.6	8.6	0.5	28.2	88.8
Currency gains/losses	-29.2	-3.2	3.5	-0.3	-6.1	-35.3	1.5	7.6	1.1	0.8	27.1	38.0
Reinsurance finance result	**71.0**	**5.9**	**8.3**	**1.0**	**5.4**	**91.7**	**50.3**	**10.2**	**9.8**	**1.3**	**55.3**	**126.8**
Premiums paid	2,678.9	—	—	—	—	2,678.9	3,535.6	—	—	—	—	3,535.6
Claims and other reinsurance service expenses received, including investment components	-1,984.3	—	—	—	—	-1,984.3	-1,986.6	—	—	—	—	-1,986.6
Insurance acquisition cash flows	4.0	—	—	—	—	4.0	4.9	—	—	—	—	4.9
Cash flows	**698.6**	**—**	**—**	**—**	**—**	**698.6**	**1,554.0**	**—**	**—**	**—**	**—**	**1,554.0**
Closing balance – assets	**1,043.3**	**140.8**	**52.9**	**46.8**	**35.7**	**1,525.9**	**739.0**	**124.5**	**75.0**	**47.9**	**515.1**	**1,501.5**
Closing balance – liabilities	**766.8**	**-66.2**	**-5.7**	**29.5**	**46.3**	**698.9**	**892.8**	**-56.3**	**3.1**	**18.5**	**-201.8**	**656.3**
Closing balance – net	**276.5**	**207.0**	**58.7**	**17.2**	**267.7**	**827.0**	**-153.9**	**180.8**	**72.0**	**29.4**	**716.9**	**845.2**

Contracts initially recognised – reinsurance contracts issued

in EUR million		2023		2024
	Profitable contracts issued [1]	Onerous contracts issued	Profitable contracts acquired [1]	Onerous contracts acquired
Expected present value of cash outflows	16,960.2	337.5	19,786.8	410.4
Insurance acquisition cash flows	808.0	6.2	943.9	8.8
Expected present value of cash inflows	-21,805.2	-292.5	-25,370.1	-374.4
Risk adjustment for non-financial risk	346.8	3.5	329.3	3.7
Contractual service margin	3,690.1	—	4,310.1	—
Loss component	—	54.7	—	48.4

[1] Profitable contract includes the buckets profitable and remaining

Contracts initially recognised – reinsurance contracts held

in EUR million		2023		2024
	Contracts retroceded without loss recovery component	Contracts retroceded with loss recovery component	Contracts acquired without loss recovery component	Contracts acquired with loss recovery component
Expected present value of cash inflows	1,688.3	1.3	1,939.1	0.1
Insurance acquisition cash flows	—	—	16.2	—
Expected present value of cash outflows	-2,718.2	-0.4	-3,247.1	-0.1
Risk adjustment	66.3	—	31.0	—
Contractual service margin	963.6	-0.9	1,260.9	—
Loss recovery amount	—	—	—	—

No significant portfolios were acquired in the reporting period. Separate disclosure of the measurement components would be required for such portfolios on initial recognition.

Maturities of the technical cash flows

IFRS 17 “Insurance Contracts” requires information which helps to clarify the amount and timing of cash flows expected from reinsurance contracts. In the following tables we have shown these cash flows broken down by the expected remaining times to maturity. As part of the maturity analysis, we have differentiated between the cash flows of reinsurance contracts issued and those of reinsurance contracts held. For further explanation of the recognition and measurement of the liabilities, please see section **3.1 “Summary of major accounting policies”**.

The average maturity of the liability for incurred claims was 4.5 years (4.5 years), or 4.5 years (4.5 years) after allowance for the corresponding reinsurance recoverables. The liability for remaining coverage had an average maturity of 17.8 years (19.4 years) – or 17.9 years (19.6 years) on a net basis.

The average maturity of the liabilities is determined using actuarial projections of the expected future payments. A payment pattern is calculated for each homogenous category of our portfolio – making allowance for the business sector, geographical considerations, contract type and type of reinsurance – and applied to the outstanding liabilities for each underwriting year and run-off status.

Maturities of the remaining contractual undiscounted net cash flows

in EUR million	2023		2024	
	Remaining contractual undiscounted net cash flows		Remaining contractual undiscounted net cash flows	
	Reinsurance contracts issued	Reinsurance contracts retroceded	Reinsurance contracts issued	Reinsurance contracts retroceded
Due in one year	6,355.5	-302.9	5,126.3	-1,321.0
Due after one through two years	8,610.7	240.3	10,132.9	431.1
Due after two through three years	5,654.4	199.5	6,439.7	309.4
Due after three through four years	3,934.4	137.0	4,332.0	205.7
Due after four through five years	2,893.4	94.4	3,132.6	150.2
Due after five through ten years	5,913.4	146.6	7,352.0	308.6
Due after ten through twenty years	1,803.3	-114.2	2,512.8	-49.6
Due after twenty years	1,944.0	-181.7	1,320.8	-161.3
	37,109.0	**218.9**	**40,349.0**	**-126.9**
Discounting	-5,867.6	57.6	-6,102.8	-27.0
Total	**31,241.3**	**276.5**	**34,246.2**	**-153.9**

Maturities of the contractual service margin

The following table shows the future development of the CSM from our reinsurance contracts held and issued. For further explanation of the recognition and measurement of the liabilities, please see section 3.1 "Summary of major accounting policies".

Maturities of the contractual service margin

in EUR million	2023		2024	
	Contractual service margin		Contractual service margin	
	Reinsurance contracts issued	Reinsurance contracts retroceded	Reinsurance contracts issued	Reinsurance contracts retroceded
Due in one year	2,197.9	101.4	2,620.8	544.6
Due after one through two years	792.0	13.6	765.6	17.8
Due after two through three years	477.8	15.5	517.4	18.0
Due after three through four years	420.0	16.1	475.0	18.7
Due after four through five years	400.2	16.5	446.4	19.0
Due after five through ten years	1,734.5	84.6	1,855.5	97.0
Due after ten through twenty years	2,170.9	146.8	2,362.7	163.9
Due after twenty years	3,227.8	66.2	3,680.0	86.6
	11,421.3	**460.8**	**12,723.4**	**965.7**
Discounting	-3,378.6	-117.2	-3,742.6	-147.4
Total	**8,042.7**	**343.5**	**8,980.7**	**818.3**

6.5. Provisions for pensions and other post-employment benefit obligations

Pension commitments are given in accordance with the relevant version of the pension plan as amended. The 1968 pension plan provides for retirement, disability, widows' and orphans' benefits. The pension entitlement is dependent on length of service; entitlements under the statutory pension insurance scheme are taken into account. The pension plan was closed to new participants with effect from 31 January 1981.

On 1 April 1993 (1 June 1993 in the case of senior executives) the 1993 pension plan came into effect. This pension plan provides for retirement, disability and surviving dependants' pensions. The scheme is based upon annual determination of partial pension contributions, which are calculated according to the pensionable earnings, the contribution assessment ceiling for statutory pension insurance and the company's performance. The pension plan was closed to new participants with effect from 31 March 1999.

Insurance coverage has been taken out for both the aforementioned pension plans (direct commitments). These reimbursement claims are recognised as separate assets.

From 1997 onwards it has been possible to obtain pension commitments through deferred compensation. The employee-funded commitments included in the provisions for accrued pension rights are protected by an insurance contract with HDI Lebensversicherung AG, Cologne.

As at 1 July 2000 the 2000 pension plan came into force for the entire Group. Under this plan, new employees included in the group of beneficiaries are granted an indirect commitment from HDI Unterstützungskasse e. V. This pension plan provides for retirement, disability and surviving dependants' benefits. The provident fund takes out insurance coverage with HDI Lebensversicherung AG that maps the entire spectrum of benefits (matching coverage). These pension commitments are considered to be contribution-based pension benefits under German employment law, and for economic purposes the pension scheme is classified as a defined benefit plan. The relevant assets of the provident fund are recognised as plan assets.

Employees also have the option to accumulate additional, insurance-type retirement provision by way of deferred compensation. Pension provisions are not recognised in this regard, insofar as retirement provision through deferred compensation is implemented by indirect means (direct insurance).

Employee-funded commitments for which a direct commitment was granted are insured under an insurance contract with HDI Lebensversicherung AG, Cologne. These are commitments to pay a lump sum on reaching retirement age and in the event of death. Provisions are established for these commitments if the benefits are not covered by the insurance.

In addition to these pension plans, senior executives and members of the Executive Board, in particular, enjoy individual commitments as well as commitments given under the benefits plan of the Bochumer Verband.

The commitments to employees in Germany predominantly comprise benefit obligations financed by Hannover Rück SE and E+S Rückversicherung AG. The provisions for pensions in Germany and abroad were calculated on the basis of uniform standards according to prevailing economic circumstances.

Provisions for pensions are established in accordance with actuarial principles and are based upon the commitments made by the Hannover Re Group for retirement, disability and widows' benefits. The Heubeck "2018 G standard tables", enhanced as in the previous year according to the observable risk experience in the portfolio. were used as the biometric actuarial basis for pension commitments in Germany. The amount of the commitments is determined according to length of service and salary level.

The defined benefit plans expose Hannover Re to the following actuarial risks:

- longevity
- interest rate
- disablement
- pension progression
- rate of compensation increase

Longevity entails the risk that the mortality contained in the actuarial bases does not correspond to the actual mortality and that pension payments have to be rendered and funded for a longer duration than had been assumed.

Disablement entails the risk that the assumed number of retirements from the subportfolio of eligible beneficiaries on grounds of disability does not correspond to the actual experience and for this reason increased benefit obligations have to be met.

The pension progression entails the risk that the anticipated development of the consumer price index factored into the trend assumptions was too low and that increased benefit obligations arise on account of pension indexation required by law.

The rate of compensation increase entails the risk that the increases in pensionable salaries factored into the trend assumptions on a parallel basis do not adequately reflect the actual developments. In addition, in the case of plans under which the determinative income components above and below the income threshold for contributions to the statutory pension insurance scheme are differently weighted for the purpose of calculating the benefit, there is a risk of a diverging trend in the future with respect to salary and income threshold.

Measures to reduce these risks consist of pension insurance taken out for virtually all pension commitments (for new additions defined contribution plans with matching insurance coverage) as well as enhanced biometric actuarial bases. The assumptions for the pension progression and for the expected rate of compensation increase and career trend are regularly reviewed and if necessary adjusted with an eye to current expectations for the inflation trend. No unusual risks or risk concentrations can be identified.

The calculation of the provisions for pensions is based upon the following assumptions:

Measurement assumptions

in %	2023	2024
Discount rate for defined benefit obligation	3.25	3.43
Discount rate for net interest component	3.54	3.35
Discount rate for current service costs	3.32	3.12
Rate of compensation increase	3.47	3.42
Pension progression	2.36	2.26

The movements in the net pension liability for the Group's various defined benefit plans were as follows:

Movements in net liability from defined benefit pension plans

in EUR million	2023	2024	2023	2024	2023	2024
	Defined benefit obligation		Fair value of plan assets		Effect of minimum funding requirement on asset ceiling	
Position at 1 January of the financial year	202.4	219.1	56.8	60.1	3.9	3.3
Recognised in profit or loss						
Current service costs	5.2	5.9	—	—	—	—
Past service cost, plan curtailments and settlements	-0.1	0.2	—	—	—	—
Net interest component	7.1	7.2	2.2	2.2	0.1	0.1
	12.2	**13.3**	**2.2**	**2.2**	**0.1**	**0.1**
Recognised in cumulative other comprehensive income						
Actuarial gain (-)/loss (+) from change in financial assumptions	7.1	-12.4	—	—	—	—
Experience gains (-) / losses (+)	3.9	-0.1	—	—	—	—
Return on plan assets, excluding amounts included in interest income	—	—	-3.5	-2.2	—	—
Change in asset ceiling	—	—	—	—	-0.7	2.1
Exchange differences	—	0.3	0.1	0.3	—	—
	11.0	**-12.2**	**-3.4**	**-1.9**	**-0.7**	**2.1**
Other changes						
Employer contributions	—	—	5.9	6.7	—	—
Employer contributions and deferred compensation	—	—	-0.2	-0.5	—	—
Benefit payments	-6.9	-7.1	-1.3	-1.1	—	—
Additions and disposals	0.3	—	—	0.1	—	—
	-6.5	**-7.0**	**4.5**	**5.1**	**—**	**—**
Position at 31 December of the financial year	**219.1**	**213.3**	**60.1**	**65.5**	**3.3**	**5.5**

The plan assets contain assets held by a long-term employee benefit fund and qualifying insurance policies as defined by IAS 19 in amount of EUR 51.8 million (EUR 45.4 million). The plan assets are attributable in an amount of EUR 4.6 million (EUR 4.8 million) to assets with quoted market prices.

The reconciliation of the projected benefit obligations with the recognised provisions for pensions is as follows:

Provisions for pensions

in EUR million	2023	2024
Projected benefit obligations at 31 December of the financial year	219.1	213.3
Fair value of plan assets at 31 December of the financial year	60.1	65.5
Effect of minimum funding requirement on asset ceiling	3.3	5.5
Recognised pension obligations at 31 December of the financial year	**162.4**	**153.3**
thereof: capitalised assets	1.9	2.1
Provisions for pensions	164.3	155.4

Of the total provisions for pensions, an amount of EUR 152.7 million (EUR 161.8 million) is attributable to employer-funded obligations and EUR 2.7 million (EUR 2.6 million) to employee-funded obligations.

In the current financial year Hannover Re anticipates contribution payments of EUR 6.0 million under the plans set out above. The weighted average duration of the defined benefit obligation is 14.5 (15.1) years.

With effect from 1 January 2024 the assets from the pension insurance are shown as reimbursement rights. The reconciliation of the fair value of the reimbursement rights breaks down as follows:

Reimbursement rights

in EUR million	2024
Position at 1 January of the financial year	104.8
Benefit payments	-3.3
Interest	3.4
Return due to remeasurement	0.4
Employer contributions	2.1
Position at 31 December of the financial year	**107.4**

Sensitivity analysis

An increase or decrease in the key actuarial assumptions would have the following effect on the present value of the defined benefit obligation as at the balance sheet date:

Effect on the defined benefit obligations

in EUR million		Parameter increase	Parameter decrease
Discount rate	(+/- 0,5 %)	-14.0	15.5
Rate of compensation increase	(+/- 0,25 %)	1.1	-1.1
Pension indexation	(+/- 0,25 %)	5.5	-5.2

Furthermore, a change is possible with respect to the assumed mortality rates and lifespans. The underlying mortality tables were adjusted by reducing the mortalities by 10% in order to determine the longevity risk. Extending the lifespans in this way would have produced a EUR 6.9 million (EUR 7.2 million) higher pension commitment at the end of the financial year.

Defined contribution plans

In addition to the defined benefit plans, some Group companies have defined contribution plans that are based on length of service and the employee's income or level of contributions. The expense recognised for these obligations in the financial year in accordance with IAS 19 "Employee Benefits" was EUR 27.9 million (EUR 28.5 million). Of the expense for defined contribution plans, an amount of EUR 16.3 million (EUR 14.3 million) relates to state pension schemes, thereof EUR 12.8 million (EUR 11.3 million) to contributions to the statutory pension insurance scheme in Germany.

6.6. Other liabilities

Other liabilities

in EUR million	2023	2024
Liabilities from derivatives	76.8	97.6
Interest	46.5	45.0
Deferred income and prepayments received	58.0	61.2
Sundry non-technical provisions	219.9	266.6
Sundry liabilities [1]	1,943.2	2,169.1
Total	**2,344.3**	**2,639.5**

[1] Adjusted, cf. section 3.1

With regard to the liabilities from derivatives in an amount of EUR 97.6 million (EUR 76.8 million), please see our explanatory remarks on derivative financial instruments in section **9.1 "Derivative financial instruments and financial guarantees "**.

We enter into term repurchase agreements (repos) as a supplementary liquidity management tool. The asset portfolios exchanged in this context are fully collateralised. As at the balance sheet date the liabilities from repos recognised in the sundry liabilities amounted to EUR 116.5 million (EUR 365.8 million). In addition, cash collateral received in connection with the market performance of derivatives was recognised in the sundry liabilities in an amount of EUR 61.0 million (EUR 83.8 million). The sundry liabilities further include accounts payable of EUR 920.8 million (EUR 783.1 million) that were not allocated to underwriting items.

Development of sundry non-technical provisions

in EUR million	Balance at 31 December 2023	Currency translation at 1 January	Balance at 1 January of the year under review	Changes in consolidated group	Additions	Utilisation	Release	Currency translation at 31 December	Balance at 31 December 2024
Provisions for									
Audits and costs of publishing the annual financial statements	11.2	0.2	11.4	—	8.6	8.1	0.4	—	11.6
Consultancy fees	2.1	—	2.2	—	2.7	1.4	0.2	—	3.3
Suppliers' invoices	13.6	0.4	14.0	—	6.5	1.8	1.9	0.1	16.9
Partial retirement arrangements and early retirement obligations	3.7	—	3.7	—	0.9	0.6	—	—	4.0
Holiday entitlements and overtime	14.6	-0.1	14.5	—	9.4	8.1	—	—	15.8
Anniversary bonuses	5.8	0.1	5.8	—	0.6	0.1	—	—	6.4
Management and staff bonuses	110.4	2.2	112.6	—	81.1	52.4	1.3	0.1	140.0
Other	58.5	0.6	59.1	0.4	21.3	12.1	0.2	—	68.5
Total	**219.9**	**3.5**	**223.4**	**0.4**	**131.2**	**84.6**	**4.0**	**0.2**	**266.6**

The maturities of the sundry non-technical provisions as at the balance sheet date are shown in the following table.

Maturities of the sundry non-technical provisions

in EUR million	2023	2024
Due in one year	129.3	156.0
Due after one through five years	84.5	104.0
Due after five years	5.7	6.2
No maturity	0.4	0.4
Total	**219.9**	**266.6**

6.7. Financing liabilities

On 14 November 2022 Hannover Rück SE placed subordinated unsecured debt in the amount of EUR 750.0 million on the European capital market. The bond has a total maturity of around 21 years and a first scheduled call option on 26 February 2033. It carries a fixed coupon of 5.875% p. a. in the first roughly eleven years, after which the interest rate basis changes to a floating rate of 3-month EURIBOR +375 basis points.

On 22 March 2021 Hannover Rück SE placed subordinated unsecured debt in the amount of EUR 750.0 million on the European capital market. The bond has a total maturity of around 21 years and a first scheduled call option on 30 December 2031. It carries a fixed coupon of 1.375% p. a. in the first roughly eleven years, after which the interest rate basis changes to a floating rate of 3-month EURIBOR +233 basis points.

On 8 July 2020 Hannover Rück SE placed subordinated unsecured debt in the amount of EUR 500.0 million on the European capital market. The bond has a total maturity of around 20 years with a first scheduled call option on 8 July 2030. It carries a fixed coupon of 1.75% p. a. in the first roughly ten years, after which the interest rate basis changes to a floating rate of 3-month EURIBOR +300 basis points.

On 9 October 2019 Hannover Rück SE placed subordinated unsecured debt in the amount of EUR 750.0 million on the European capital market. The bond has a total maturity of 20 years with a first scheduled call option on 9 July 2029. It carries a fixed coupon of 1.125% p. a. in the first ten years, after which the interest rate basis changes to a floating rate of 3-month EURIBOR +238 basis points.

On 18 April 2018 Hannover Rück SE placed senior unsecured debt in the amount of EUR 750.0 million on the European capital market. The bond has a maturity date of 18 April 2028 and may be redeemed at any time from 18 January 2028 onwards, although not later than 18 April 2028. It carries a fixed coupon of 1.125% p. a.

On 15 September 2014 Hannover Rück SE placed subordinated unsecured debt in the amount of EUR 500.0 million on the European capital market. The issue has a perpetual maturity with a first scheduled call option on 26 June 2025 and may be redeemed at each coupon date thereafter. It carries a fixed coupon of 3.375% p. a. until 26 June 2025, after which the interest rate basis changes to 3-month EURIBOR +325 basis points.

Altogether, six (six) bonds were recognised as at the balance sheet date with an amortised cost of EUR 3,980.8 million (EUR 3,976.8 million). The aggregate fair value of the bonds issued is based on quoted, active market prices. If such price information was not available, the fair values were calculated on the basis of the recognised effective interest method or estimated using other financial instruments with the same credit rating, maturity and yield characteristics. The effective interest rate method is always based on the current market interest rate levels in the relevant fixed-interest periods.

Long-term debt and notes payable

in EUR million	Coupon	Maturity	Currency	2023				2024			
				Amortised cost	Fair value measurement	Accrued interest	Fair value	Amortised cost	Fair value measurement	Accrued interest	Fair value
Notes payable											
Hannover Rück SE, 2022	5.875	2043	EUR	746.0	89.7	15.4	851.1	746.3	103.6	15.5	865.3
Hannover Rück SE, 2021	1.375	2042	EUR	744.5	-139.9	5.2	609.9	745.2	-105.0	5.2	645.4
Hannover Rück SE, 2020	1.750	2040	EUR	496.4	-66.7	2.0	431.8	497.0	-41.5	2.0	457.5
Hannover Rück SE, 2019	1.125	2039	EUR	744.0	-107.3	1.9	638.7	745.1	-70.3	1.9	676.7
Hannover Rück SE, 2018	1.125	2028	EUR	747.0	-33.0	5.9	720.0	747.7	-32.3	5.9	721.3
Hannover Rück SE, 2014	3.375	n/a	EUR	498.9	-8.6	8.7	498.9	499.6	-2.0	8.7	506.3
				3,976.8	**-265.8**	**39.1**	**3,750.4**	**3,980.8**	**-147.5**	**39.3**	**3,872.5**
Long-term debt				797.7	-7.2	3.0	793.5	581.5	-4.8	2.4	579.1
Total				**4,774.5**	**-273.0**	**42.1**	**4,543.9**	**4,562.3**	**-152.3**	**41.6**	**4,451.7**

Net gains and losses from long-term debt and notes payable

in EUR million	2023	2024	2023	2024	2023	2024
	Ordinary income/expenses		Amortisation		Net result	
Long-term debt	-38.0	-48.0	-0.9	-0.8	-38.9	-48.8
Notes payable	-97.0	-97.0	-3.6	-3.2	-100.6	-100.2
Total	**-135.0**	**-145.0**	**-4.5**	**-4.0**	**-139.5**	**-149.0**

The ordinary expenses principally include interest expenses of nominally EUR 97.0 million (EUR 97.0 million) resulting from the issued subordinated and senior bonds.

Maturities of financial liabilities

in EUR million	2023						2024					
	Due within up to 1 year	One to five years	Five to ten years	Ten to twenty years	More than twenty years	No maturity	Due within up to 1 year	One to five years	Five to ten years	Ten to twenty years	More than twenty years	No maturity
Other financial liabilities [1]	634.9	34.4	28.9	1.2	—	15.0	643.3	15.2	36.4	3.3	—	-212.9
Long-term debt	273.9	424.5	99.3	—	—	—	84.6	432.4	64.5	—	—	—
Notes payable	—	747.0	—	2,731.0	—	498.9	—	747.7	—	2,733.5	—	499.6
Lease liabilities	7.8	27.0	29.0	—	37.1	—	14.9	29.3	23.9	—	38.5	—
Total	**916.6**	**1,232.9**	**157.2**	**2,732.2**	**37.1**	**513.8**	**742.8**	**1,224.6**	**124.8**	**2,736.7**	**38.5**	**286.7**

[1] Excluding sundry non-technical provisions, for which the maturities are broken down separately, and other various liabilities

The following table shows the movements in long-term debt, notes payable and other long-term liabilities with respect to cash and non-cash changes.

Reconciliation of financing liabilities

in EUR million	Balance at 31 December 2022	Cash flow	Change in consolidation	Non-cash items: Exchange rate difference	Non-cash items: Other changes	Balance at 31 December 2023	Cash flow	Change in consolidation	Non-cash items: Exchange rate difference	Non-cash items: Other changes	Balance at 31 December 2024
Long-term debt	926.6	-112.2	—	-17.6	0.9	797.7	-66.8	-168.0	17.9	0.8	581.5
Notes payable	4,472.0	-500.0	—	—	4.8	3,976.9	—	—	—	3.9	3,980.8
Lease liabilities	111.7	-14.2	—	-2.0	5.4	100.8	-14.7	—	3.4	17.1	106.6
Total	**5,510.4**	**-626.4**	**—**	**-19.6**	**11.2**	**4,875.4**	**-81.4**	**-168.0**	**21.3**	**21.8**	**4,669.0**

6.8. Shareholders' equity and treasury shares

Shareholders' equity is shown as a separate component of the financial statement in accordance with IAS 1 "Presentation of Financial Statements" and subject to IAS 32 "Financial Instruments: Disclosure and Presentation" in conjunction with IAS 39 "Financial Instruments: Recognition and Measurement". The change in shareholders' equity comprises not only the net income deriving from the statement of income but also the changes in the value of asset and liability items not recognised in the statement of income.

The common shares (share capital of Hannover Rück SE) amount to EUR 120,597,134.00. They are divided into 120,597,134 voting and dividend-bearing registered ordinary shares in the form of no-par-value shares. The shares are paid in full. Each share carries an equal voting right and an equal dividend entitlement.

Conditional capital of up to EUR 24.1 million (EUR 24.1 million) is available. It can be used to grant shares to holders of bonds and / or profit-sharing rights with conversion rights and warrants and has a time limit of 4 May 2026. In addition, authorised capital is available in an amount of up to EUR 24.1 million (EUR 24.1 million), which similarly has a time limit of 4 May 2026. The subscription right of shareholders may be excluded with the consent of the Supervisory Board under certain conditions. The Executive Board is authorised, with the consent of the Supervisory Board, to use an amount of up to EUR 1.0 million (EUR 1.0 million) of the existing authorised capital to issue employee shares.

The Executive Board is further authorised, with the consent of the Supervisory Board, to acquire treasury shares – including through the use of derivatives – up to an amount of 10% of the share capital. The authorisation has a time limit of 5 May 2025.

The Annual General Meeting of Hannover Rück SE resolved on 6 May 2024 that a gross dividend of EUR 7.20 per share should be paid for the 2023 financial year, corresponding to a total distribution of EUR 868.3 million (EUR 723.6 million). The distribution is comprised of a dividend of EUR 6.00 and a special dividend of EUR 1.20 per share.

The increase in the other reserves arising out of currency translation, which is recognised in equity, was attributable in a net amount of EUR 8.1 million (decrease of EUR 88.3 million in the previous year) to the translation of long-term debt or loans with no maturity date extended to Group companies and branches abroad.

IAS 1 requires disclosures on the objectives, policies and processes for managing capital. A major strategic objective of Hannover Re is sustainable protection of our capital. We have issued debt as an equity substitute to keep the cost of capital low. Hannover Re uses intrinsic value creation (IVC) as a central tool of value-based management. As part of this methodology, we are guided by the principles of economical allocation of equity and efficient use of debt as an equity substitute in order to achieve an attractive weighted cost of capital. The concept and the objectives and principles according to which we manage our capital are described in greater detail in our comments on value-based management in the management report (subsection **"Management system"**). The further disclosures on capital management arising out of IAS 1.134-136 are provided in the "Financial position and net assets" subsection of the management report, to which the reader is referred. This includes both a presentation of our capital management policies and processes and a summary of the diverse external capital requirements to which we are subject (cf. subsections **"Analysis of the capital structure"**, **"Group shareholders' equity"** and **"Financing and Group debt"**). The Solvency II regulatory framework, in particular, gives rise to capital requirements and consequences for capital management, which we discuss more closely in the risk report.

Treasury shares

IAS 1 requires separate disclosure of treasury shares in shareholders' equity. As part of this year's employee share option plan Hannover Rück SE acquired altogether 14,799 (18,714) treasury shares during the second quarter of 2024 on the legal basis of § 71 Para. 1 No. 2 Stock Corporation Act (AktG) and delivered them to eligible employees at preferential conditions. These shares are blocked until 31 May 2028. This transaction resulted in an expense of EUR 0.9 million (EUR 0.7 million), which was recognised under personnel expenditure, as well as a negligible change in retained earnings recognised in equity. The company was no longer in possession of treasury shares as at the balance sheet date.

6.9. Non controlling interests

Non-controlling interests in the shareholders' equity of subsidiaries are reported separately within Group shareholders' equity in accordance with IAS 1 "Presentation of Financial Statements". They amounted to EUR 893.8 million (EUR 892.7 million) as at the balance sheet date.

Non-controlling interests in partnerships are reported in accordance with IAS 32 "Financial Instruments: Presentation" under long-term liabilities. The non-controlling interest in profit or loss, which forms part of net income and is shown separately after net income as a "thereof" note, amounted to EUR 68.1 million (EUR 2.8 million) in the year under review.

Subsidiaries with material non-controlling interests

in EUR million	2023	2024
	E+S Rückversicherung AG, Hannover, Germany	
Participation of non-controlling interests	35.21%	35.21%
Voting rights of non-controlling interests	35.21%	35.21%
Net income	6.2	171.2
thereof attributable to non-controlling interests	2.2	60.3
Income/expense recognised directly in equity	37.7	-111.4
Total recognised income and expense	43.9	59.8
Shareholder's equity	2,309.9	2,244.7
thereof attributable to non-controlling interests	813.3	790.3
Dividends paid	125.0	125.0
thereof attributable to non-controlling interests	44.0	44.0
Assets	9,654.7	10,362.4
Liabilities	7,344.8	8,117.7
Cash flow from operating activities	570.5	571.5
Cash flow from investing activities	-432.4	490.9
Cash flow from financing activities	-136.7	-74.6

7. Notes on the individual items of the statement of income

7.1. Reinsurance revenue

The following tables show the breakdown of the gross reinsurance revenue into geographical origin and categories.

Reinsurance revenue (gross) by region

in EUR million	2023	2024
Regional origin		
Germany	1,433.2	1,574.3
United Kingdom	3,794.5	4,314.5
France	806.4	876.3
Other	1,957.9	2,350.9
Europe	**7,992.1**	**9,116.0**
USA	9,016.0	9,622.9
Other	1,301.8	1,404.9
North America	**10,317.8**	**11,027.8**
Asia	3,180.3	3,076.0
Australia	1,389.9	1,513.0
Australasia	**4,570.3**	**4,589.1**
Africa	465.5	482.3
Other	1,110.9	1,164.1
Total	**24,456.5**	**26,379.3**

Components of the reinsurance revenue (gross)

in EUR million	2023	2024
Components		
Expected incurred claims and other insurance expenses	18,929.0	17,922.5
CSM recognised for services provided	3,603.5	5,123.9
Release of risk adjustment for non-financial risk	796.1	560.3
Experience adjustments for past or current services	582.2	1,765.9
Recovery of insurance acquisition cash flows	545.7	1,006.7
Total	**24,456.5**	**26,379.3**

7.2. Investment result

Investment result

in EUR million	2023	2024
Income from real estate and infrastructure investments	226.4	249.2
Dividends	5.2	89.1
Interest income on debt instruments	1,456.9	1,722.6
Other income and amortisation	293.0	292.3
Ordinary investment income	**1,981.5**	**2,353.2**
Expected credit losses	-22.8	-2.9
Impairments/Depreciation on real estate	135.4	98.0
Appreciation of investments	2.4	2.7
Change in fair value of financial instruments	76.0	2.7
Profit/loss from investments in associated companies and joint ventures	16.3	27.3
Realised gains on investments	30.3	67.7
Realised losses on investments	184.1	158.1
Other investment expenses	175.9	189.6
Investment result	**1,588.2**	**2,005.1**

We recorded a net charge of EUR -2.9 million (EUR -22.8 million) from the change in provision for expected credit losses (ECL) recognised in profit or loss. Changes from additions and disposals and changes in the risk profiles of individual securities balanced each other out here despite an increased portfolio of financial instruments.

We carried fixed-income securities with a total fair value of EUR 80.4 million (EUR 122.9 million) in Stage 3 of our risk provisioning model as at the balance sheet date. Impairments for investments not covered by the stage model for expected credit losses were incurred on directly held real estate investments in an amount of EUR 37.5 million (EUR 79.1 million). We took into consideration increased pressure on market values here by recognising in the balance sheet reductions in the value of a number of directly held properties, especially in the US and European office real estate market.

The portfolio did not contain any overdue, unadjusted investments as at the balance sheet date.

Interest income on investments

in EUR million	2023	2024
Financial investments – at fair value through OCI	1,308.1	1,561.6
Financial investments – at fair value through profit or loss	148.8	159.5
Other	—	1.5
Total	**1,456.9**	**1,722.6**

The net gains and losses on investments held to maturity, loans and receivables and the available-for-sale portfolio shown in the following table are composed of interest income, realised gains and losses as well as impairments and appreciation. In the case of the fixed-income securities at fair value through profit or loss designated in this category and the other financial assets, which include the technical derivatives, income and expenses from changes in fair value are also recognised.

Making allowance for the other investment expenses of EUR 189.6 million (EUR 175.9 million), net income from investments of altogether EUR 2,005.1 million (EUR 1,588.2 million) was recognised in the year under review.

Net gains and losses on investments

in EUR million	2023					2024				
	Ordinary investment income [1]	Expected credit losses, impairment, depreciation and appreciation of investments	Change in fair value of financial instruments	Realised gains and losses on investments	Net income from investments [2]	Ordinary investment income [1]	Expected credit losses, impairment, depreciation and appreciation of investments	Change in fair value of financial instruments	Realised gains and losses on investments	Net income from investments [2]
Financial investments – at fair value through OCI	1,588.9	-22.8	—	-154.0	1,412.1	1,842.3	-2.9	—	-93.6	1,745.8
Financial investments – at fair value through profit or loss	190.5	—	87.0	—	277.4	289.7	—	-6.2	2.0	285.4
Investment property	195.2	-133.0	—	—	62.3	212.9	-95.4	—	1.9	119.5
Investments in associated companies and joint ventures	16.3	—	—	—	16.3	27.7	—	4.4	-0.6	31.5
Other invested assets	5.2	—	—	—	5.1	5.2	—	19.0	—	24.1
Other	1.7	—	-11.0	0.2	-9.1	2.9	—	-14.4	-0.1	-11.7
Total	**1,997.8**	**-155.8**	**76.0**	**-153.9**	**1,764.2**	**2,380.6**	**-98.3**	**2.7**	**-90.4**	**2,194.7**

[1] Including income from associated companies and joint ventures, for reconciliation with the consolidated statement of income
[2] Excluding other investment expenses

7.3. Insurance finance income and expenses

In the following table we compare the reinsurance finance result with the investment return. Both earnings components include income and expenses from currency translation and the amounts recognised directly in OCI. The reinsurance finance result is comprised primarily of the effects from interest accretion and changes in the discounting assumptions and other financial measurement assumptions relating to our technical provisions.

Insurance finance income and expenses

in EUR million	2023	2024
Investment income	2,250.2	2,749.5
Investment expenses	-661.9	-744.4
Investment result	**1,588.2**	**2,005.1**
Currency gains/losses on investments	-450.5	809.4
Amounts recognised in OCI	1,733.9	-67.2
Total investment return	**2,871.7**	**2,747.2**
Finance income or expenses from reinsurance contracts (gross)		
Interest accreted	-957.3	-1,200.3
Changes in interest rates and other financial assumptions	-1,249.6	-541.8
Currency gains/losses	541.2	-913.0
Total finance income or expenses from reinsurance contract (gross)	**-1,665.7**	**-2,655.1**
thereof recognised in profit or loss	-360.9	-2,035.9
thereof recognised in other comprehensive income	-1,304.8	-619.2
Finance income or expenses from reinsurance contracts (retroceded)		
Interest accreted	45.3	28.9
Changes in interest rates and other financial assumptions	84.7	64.5
Currency gains/losses	-45.5	33.6
Total finance income or expenses from reinsurance contracts (retroceded)	**84.5**	**127.1**
thereof recognised in profit or loss	-23.7	41.5
thereof recognised in other comprehensive income	108.2	85.6
Total reinsurance finance income and expenses	**-1,581.2**	**-2,528.0**
thereof recognised in profit or loss	-384.6	-1,994.4
thereof recognised in other comprehensive income	-1,196.6	-533.6
Insurance finance income and expenses before currency gains or losses		
Currency gains/losses from reinsurance finance result (net)	495.7	-879.4
Total Insurance finance income and expenses before currency gains or losses	**-2,076.9**	**-1,648.6**
thereof recognised in profit or loss	-880.3	-1,115.0
thereof recognised in other comprehensive income	-1,196.6	-533.6

7.4. Other income and expenses

Other income

in EUR million	2023	2024
Other income		
Income from services	149.8	177.1
Other interest income	38.6	43.0
Deconsolidation	—	—
Income from releases of other provisions	3.4	4.0
Sundry income	41.3	55.4
	233.1	**279.5**
Other expenses		
Expenses for services	88.7	126.7
Other interest expenses	40.4	47.8
Expenses for the company as a whole	459.9	524.3
Sundry expenses	125.8	63.7
	714.8	**762.4**
Total	**-481.7**	**-482.9**

The other income includes revenues from contracts with customers set out below in accordance with IFRS 15. With regard to the fundamental approach adopted for application of IFRS 15 we would refer to the remarks in section **3.1 "Summary of major accounting policies"**.

Revenue categories

in EUR million	2023	2024
Revenue realised at a point in time		
Brokerage commissions, performance fees and similar forms of remuneration	61.0	91.5
Other insurance-related services	6.4	6.9
Revenue realised over time		
Other insurance-related services	82.1	78.1
Total	**149.5**	**176.4**

The brokerage commissions, performance fees and similar forms of remuneration in an amount of EUR 91.5 million (EUR 61.0 million) were realised at a point in time. Of this amount, EUR 91.0 million (EUR 60.3 million) is attributable to brokerage commissions earned by Group-internal insurance companies and insurance intermediaries.

An amount of EUR 78.1 million (EUR 82.1 million) was realised over time in the current financial year in connection with other insurance-related services. This primarily involves income from the assumption of administrative and management services as well as income connected with IT-related agreements for transfer of use. The transaction prices for the administrative and management services are essentially calculated on the basis of the underlying general fee scales as well as a percentage share of the gross premium and are earned in accordance with the contractual term and realised pro rata temporis. The contract prices that are fixed by agreement for the transfer of use are used as transaction prices and realised pro rata temporis with the customer's use.

In addition, revenues of EUR 6.9 million (EUR 6.4 million) were realised at a point in time in the year under review from other insurance-related services. This primarily involves income connected with commission-based business. The transaction price is arrived at as a percentage of the underlying gross premium share. The performance obligation is deemed to be fulfilled at a point in time upon issuance of the insurance certificate for the end customer.

7.5. Taxes on income

Actual taxes on income at the domestic companies, comparable actual taxes on income at foreign subsidiaries as well as deferred taxes in accordance with IAS 12 "Income Taxes" are recognised under this item.

The reader is referred to the remarks in section **3.1 "Summary of major accounting policies"** regarding the basic approach to the recognition and measurement of deferred taxes.

An unchanged tax rate of 32.63% was used to calculate the deferred taxes of the major domestic companies. It is arrived at from the corporate income tax rate of 15.0%, the German solidarity surcharge of 5.5% and a trade earnings tax rate of 16.8%. This therefore gives rise to a Group tax rate (rounded) of 32.7% (32.7%). The deferred taxes at the companies abroad were calculated using the applicable country-specific tax rates.

Tax-relevant bookings on the Group level are made using the Group tax rate unless they refer specifically to individual companies.

Deferred tax liabilities on profit distributions of significant affiliated companies are established in the year when they are received.

Breakdown of taxes on income

The breakdown of actual and deferred income taxes was as follows:

Income tax

in EUR million	2023	2024
Actual tax for the year under review	388.9	733.9
Actual tax for other periods	2.3	8.3
Deferred taxes due to temporary differences	-317.0	55.4
Deferred taxes from loss carry-forwards	127.8	6.4
Change in deferred taxes due to changes in tax rates	-204.1	-21.7
Value adjustments on deferred taxes	28.4	34.1
Total	**26.4**	**816.5**

Domestic/foreign breakdown of recognised tax expenditure / income

in EUR million	2023	2024
Current taxes		
Germany	151.5	502.2
Abroad	239.7	240.1
Deferred taxes		
Germany	-188.4	11.7
Abroad	-176.5	62.6
Total	**26.4**	**816.5**

The following table presents a breakdown of the deferred tax assets and liabilities into the balance sheet items from which they are derived.

Deferred tax assets and deferred tax liabilities of all Group companies

in EUR million	2023[2]	2024
Deferred tax assets		
Tax loss carry-forwards	176.0	173.8
Technical provisions	7,355.0	7,840.9
Investments	627.9	686.7
Other valuation differences	1,061.1	899.2
Value adjustments [1]	-296.1	-363.3
Total	**8,924.0**	**9,237.3**
Deferred tax liabilities		
Technical provisions	8,154.6	8,642.9
Equalisation reserve	1,636.0	1,480.3
Investments	115.2	148.2
Other valuation differences	487.6	261.9
Total	**10,393.4**	**10,533.3**
Deferred tax liabilities	1,469.4	1,296.0

[1] Thereof on tax loss carry-forwards: EUR -122,4 million (EUR (-95,3 million)
[2] Presentation amended pursuant to IAS 8

The deferred tax assets and deferred tax liabilities are shown according to their origin in the above table. Deferred taxes resulting from a single transaction and with respect to which the corresponding temporary valuation differences are simultaneously reversed were already netted on recognition. Further netting was made based on the timing of the reversal of temporary differences and other offsetting possibilities, ultimately resulting in the following disclosure of deferred tax assets and deferred tax liabilities in the balance sheet:

Netting of deferred tax assets and deferred tax liabilities

in EUR million	2023	2024
Deferred tax assets	627.9	501.5
Deferred tax liabilities	2,097.3	1,797.4
Net deferred tax liabilities	**1,469.4**	**1,296.0**

In view of the unrealised components of profit and loss recognised directly in equity in the financial year, actual and deferred tax income – including amounts attributable to non-controlling interests – of EUR 224.1 million (tax expense of EUR 113.2 million) was also recognised directly in equity. The following table presents a reconciliation of the expected expense for income taxes with the actual expense for income taxes reported in the statement of income. The pre-tax result is multiplied by the Group tax rate in order to calculate the Group's expected expense for income taxes.

Reconciliation of the expected expense for income taxes with the actual expense

in EUR million	2023	2024
Profit before taxes on income	1,854.0	3,213.3
Group tax rate	32.7%	32.7%
Expected expense for income taxes	606.2	1,050.7
Change in tax rates	-204.1	78.1
Differences in tax rates affecting subsidiaries	-361.6	-349.5
Non-deductible expenses	53.3	181.7
Tax-exempt income	-41.1	-221.9
Tax expense/income not attributable to the reporting period	-71.3	62.4
Value adjustments on deferred taxes/loss carry-forwards	28.4	34.1
Trade tax modifications	5.2	-19.8
Other	11.3	0.7
Actual expense for income taxes	**26.4**	**816.5**

The expense for income taxes in the financial year increased by EUR 790.1 million year-on-year to EUR 816.5 million (EUR 26.4 million). Along with a higher pre-tax profit, this development was driven largely by deferred tax income resulting from implementation of a corporate tax regime in Bermuda in the previous year. The effective tax rate in the financial year was 25.4% (1.4%).

Availability of non-capitalised loss carry-forwards and other temporary differences

Unused tax loss carry-forwards of EUR 764.3 million (EUR 757.3 million) existed as at the balance sheet date. Of existing tax loss carry-forwards and other temporary differences, EUR 892.2 million (EUR 1,580.6 million) was not capitalised in consideration of local tax rates because their realisation is not sufficiently certain.

The assets-side unadjusted deferred taxes on loss carry-forwards amounting to EUR 51.4 million (EUR 80.7 million) will probably be realised in an amount of EUR 17.4 million (EUR 26.5 million) within one year and in an amount of EUR 34.0 million (EUR 54.2 million) in subsequent years.

In the year under review the actual taxes on income were reduced by EUR 15.7 million (EUR 0.2 million) because loss carry-forward were used for which no deferred tax assets were established.

The write-down of deferred tax assets recognised in previous years resulted in a deferred tax expense in the year under review of EUR 36.1 million (EUR 0.0 million). This is opposed by deferred tax income of EUR 2.9 million (EUR 4.7 million) from the reassessment of earlier write-downs.

Excess deferred tax assets are recognised with respect to losses in the year under review or in the previous year only to the extent that, based on strong evidence, it is likely that the company concerned will generate sufficiently positive taxable results in the future. This evidence was provided for deferred tax assets of EUR 86.0 million (EUR 158.8 million).

No deferred taxes were established on liabilities-side taxable temporary differences amounting to EUR 92.9 million (EUR 58.6 million) in connection with interests in Group companies because the Hannover Re Group can control their reversal and will not reverse them in the foreseeable future.

Expiry of non-capitalised loss carry-forwards and other temporary differences

in EUR million	One to five years	Six to ten years	More than ten years	Unlimited	Total
Other temporary differences	—	—	—	1,403.8	1,403.8
Loss carry-forwards	244.1	—	—	244.4	488.5
Total	**244.1**	**—**	**—**	**1,648.2**	**1,892.2**

Introduction of global minimum taxation

In December 2021 the OECD published model rules for a new global minimum rate of taxation aimed at multinational enterprise groups and large-scale domestic companies with combined financial revenues of more than EUR 750 million. The directive on implementation of these rules in the EU was adopted in December 2022. EU Member States were then required to transpose the directive into national law by the end of 2023. In Germany, the directive was transposed into national law on 21 December 2023 by the Minimum Taxation Directive Implementation Act (MinBestRL-UmsG). The provisions of this Act are to be applied to financial years beginning on or after 31 December 2023. The Minimum Tax Act (MinStG) consequently entered into force in Germany with effect from 1 January 2024.

The Hannover Re Group, as part of the HDI Group, falls within the scope of application of the provisions. In accordance with these minimum tax rules, Hannover Re is required to pay a top-up tax for the difference between the effective tax rate per tax jurisdiction and the minimum tax rate of 15%.

With regard to the recognition of deferred tax assets and liabilities as well as certain disclosures required in connection with the implementation of global minimum taxation, Hannover Re is exercising the temporary exemption provided for in the amendments to IAS 12 issued in the previous year.

Based on the data from the HDI Group's qualified Country-by-Country Reporting (qCbCR) for 2023 as well as the financial report data for 2024, Hannover Re is established in 31 tax jurisdictions in the year under review with companies and branches relevant to the minimum tax rules and for the most part is subject to an effective tax burden of more than 15% in these jurisdictions. Analysis of the impact per tax jurisdiction revealed that in 23 jurisdictions no top-up tax was incurred for the 2024 financial year. An expected top-up tax charge of EUR 109.4 million was reserved for the jurisdictions of Bermuda, Ireland, Japan, Luxembourg, New Zealand, Romania, Singapore and Slovakia. This resulted in an increase of 3.4 percentage points in Hannover Re's effective tax rate.

8. Segment disclosures on the technical account

8.1. Property and casualty reinsurance

Movement in carrying amounts of the liability for remaining coverage and for incurred claims – reinsurance contracts issued in the property and casualty reinsurance segment

in EUR million				2023				2024
	LRC excluding loss component	Loss component	LIC	Total	LRC excluding loss component	Loss component	LIC	Total
Opening balance – assets	**617.4**	**57.1**	**-355.6**	**318.9**	**111.8**	**4.5**	**37.5**	**153.8**
Opening balance – liabilities	**-2,395.3**	**233.0**	**34,571.6**	**32,409.3**	**-2,220.7**	**65.2**	**37,421.0**	**35,265.4**
Opening balance – net	**-3,012.7**	**175.9**	**34,927.2**	**32,090.4**	**-2,332.5**	**60.6**	**37,383.5**	**35,111.6**
Contracts under the modified retrospective approach	-234.1	—	—	-234.1	-197.7	—	—	-197.7
Contracts under the fair value approach	30.2	—	—	30.2	-137.9	—	—	-137.9
Other contracts	-16,620.0	—	—	-16,620.0	-18,329.0	—	—	-18,329.0
Reinsurance revenue	**-16,823.9**	**—**	**—**	**-16,823.9**	**-18,664.6**	**—**	**—**	**-18,664.6**
Incurred claims and other reinsurance service expenses	4.3	-158.5	14,170.0	14,015.8	-0.1	-76.6	14,041.3	13,964.7
Amortisation of insurance acquisition cash flows	528.3	—	—	528.3	984.3	—	—	984.3
Losses and reversal of losses on onerous contracts	—	40.3	—	40.3	-0.1	46.0	—	45.9
Adjustments to liabilities for incurred claims	—	—	-496.0	-496.0	—	—	-101.6	-101.6
Reinsurance service expenses	**532.6**	**-118.2**	**13,674.0**	**14,088.4**	**984.1**	**-30.6**	**13,939.7**	**14,893.3**
Investment component	**-4,282.7**	**—**	**4,282.7**	**—**	**-4,307.0**	**—**	**4,307.0**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	470.5	5.0	1,353.1	1,828.6	707.2	5.3	786.8	1,499.2
Currency gains/losses	-36.1	-2.1	-735.2	-773.4	-10.8	0.8	1,163.3	1,153.2
Reinsurance finance result	**434.4**	**2.9**	**617.9**	**1,055.2**	**696.3**	**6.0**	**1,950.0**	**2,652.4**
Premiums received	21,341.4	—	—	21,341.4	22,130.4	—	—	22,130.4
Claims and other reinsurance service expenses paid, including investment components	—	—	-16,118.2	-16,118.2	—	—	-16,266.1	-16,266.1
Insurance acquisition cash flows paid	-521.6	—	—	-521.6	-870.4	—	—	-870.4
Cash flows	**20,819.8**	**—**	**-16,118.2**	**4,701.6**	**21,260.0**	**—**	**-16,266.1**	**4,993.9**
Closing balance – assets	**111.8**	**4.5**	**37.5**	**153.8**	**204.7**	**-6.2**	**433.1**	**631.7**
Closing balance – liabilities	**-2,220.7**	**65.2**	**37,421.0**	**35,265.4**	**-2,158.9**	**29.9**	**41,747.3**	**39,618.3**
Closing balance – net	**-2,332.5**	**60.6**	**37,383.5**	**35,111.6**	**-2,363.6**	**36.0**	**41,314.2**	**38,986.6**

Movement in carrying amounts by measurement components – reinsurance contracts issued in the property and casualty reinsurance segment

in EUR million	2023						2024					
			CSM						CSM			
	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening balance – assets	**139.1**	**-16.0**	**-0.4**	**—**	**196.2**	**318.9**	**164.9**	**-5.8**	**—**	**—**	**-5.4**	**153.8**
Opening balance – liabilities	**30,349.4**	**729.6**	**18.3**	**31.5**	**1,280.6**	**32,409.3**	**32,546.8**	**902.8**	**22.0**	**54.3**	**1,739.4**	**35,265.4**
Opening balance – net	**30,210.3**	**745.5**	**18.6**	**31.5**	**1,084.4**	**32,090.4**	**32,381.9**	**908.6**	**22.0**	**54.3**	**1,744.8**	**35,111.6**
CSM recognised in the profit or loss for services provided	—	—	-88.7	-172.9	-2,458.2	-2,719.8	—	—	-51.6	-283.2	-3,881.2	-4,215.9
Change in risk adjustment for non-financial risk expired	—	149.6	—	—	—	149.6	—	-65.3	—	—	—	-65.3
Experience adjustments	286.1	—	—	—	—	286.1	565.1	—	—	—	—	565.1
Reinsurance service result – changes relate to current service	**286.1**	**149.6**	**-88.7**	**-172.9**	**-2,458.2**	**-2,284.2**	**565.1**	**-65.3**	**-51.6**	**-283.2**	**-3,881.2**	**-3,716.2**
Contracts initially recognised in the year	-3,559.1	275.1	—	—	3,324.3	40.3	-4,211.1	266.1	—	—	3,987.0	42.0
Changes in estimates that adjust the CSM	-68.9	59.6	92.1	195.5	-274.0	4.3	-357.0	20.2	42.5	283.4	10.8	-0.1
Changes in estimates that result in losses and reversal of losses on onerous contracts	—	—	—	—	—	—	-7.3	11.9	—	—	—	4.6
Reinsurance service result – changes relate to future service	**-3,628.0**	**334.7**	**92.1**	**195.5**	**3,050.3**	**44.6**	**-4,575.5**	**298.2**	**42.5**	**283.4**	**3,997.8**	**46.4**
Reinsurance service result – changes that relate to past service	**-195.3**	**-300.7**	**—**	**—**	**—**	**-496.0**	**38.4**	**-140.0**	**—**	**—**	**—**	**-101.6**
Reinsurance finance result before currency gains/losses plus changes through OCI	1,715.7	—	0.1	0.2	112.6	1,828.6	1,340.3	—	0.2	1.0	157.7	1,499.2
Currency gains/losses	-708.4	-20.5	-0.1	—	-44.4	-773.4	1,051.2	32.5	0.1	0.1	69.4	1,153.2
Reinsurance finance result	**1,007.3**	**-20.5**	**—**	**0.2**	**68.3**	**1,055.2**	**2,391.5**	**32.5**	**0.2**	**1.1**	**227.1**	**2,652.4**
Premiums received	21,341.4	—	—	—	—	21,341.4	22,130.4	—	—	—	—	22,130.4
Claims and other reinsurance service expenses paid, including investment components	-16,118.2	—	—	—	—	-16,118.2	-16,266.1	—	—	—	—	-16,266.1
Insurance acquisition cash flows paid	-521.6	—	—	—	—	-521.6	-870.4	—	—	—	—	-870.4
Cash flows	**4,701.6**	**—**	**—**	**—**	**—**	**4,701.6**	**4,993.9**	**—**	**—**	**—**	**—**	**4,993.9**
Closing balance – assets	**164.9**	**-5.8**	**—**	**—**	**-5.4**	**153.8**	**613.9**	**-1.3**	**-0.5**	**-1.0**	**20.7**	**631.7**
Closing balance – liabilities	**32,546.9**	**902.8**	**22.0**	**54.3**	**1,739.4**	**35,265.4**	**36,409.2**	**1,032.6**	**12.6**	**54.6**	**2,109.2**	**39,618.3**
Closing balance – net	**32,381.9**	**908.6**	**22.0**	**54.3**	**1,744.8**	**35,111.6**	**35,795.3**	**1,033.9**	**13.2**	**55.6**	**2,088.5**	**38,986.6**

Movement in carrying amounts of the liability for remaining coverage and liability for incurred claims – reinsurance contracts held in the property and casualty reinsurance segment

in EUR million	2023				2024			
	Reinsurance recoverables on LRC without loss recovery component	Loss recovery component	Reinsurance recoverables on LIC	Total	Reinsurance recoverables on LRC without loss recovery component	Loss recovery component	Reinsurance recoverables on LIC	Total
Opening balance – assets	**-100.1**	**-0.8**	**2,269.6**	**2,168.7**	**-554.3**	**-0.7**	**1,890.4**	**1,335.3**
Opening balance – liabilities	**695.2**	**—**	**-474.2**	**221.0**	**995.9**	**—**	**-578.7**	**417.2**
Opening balance – net	**-795.3**	**-0.8**	**2,743.8**	**1,947.6**	**-1,550.2**	**-0.7**	**2,469.1**	**918.1**
Reinsurance revenue (ceded)	-2,626.4	—	—	-2,626.4	-2,778.4	—	—	-2,778.4
Incurred claims and other reinsurance service expenses	-1.4	—	833.4	832.0	—	—	1,154.3	1,154.3
Amortisation of insurance acquisition cash flows	4.1	—	—	4.1	32.6	—	—	32.6
Losses and reversal of losses on onerous contracts	—	—	—	—	—	—	—	—
Adjustments to liabilities for incurred claims	—	—	-96.7	-96.7	—	—	-44.3	-44.3
Reinsurance service result – net expenses from reinsurance contracts retroceded	**-2,623.7**	**—**	**736.7**	**-1,887.0**	**-2,745.9**	**—**	**1,110.0**	**-1,635.9**
thereof changes in non-performance risk of reinsurers	—	—	—	—	—	—	—	—
Investment component	**-11.0**	**—**	**11.0**	**—**	**-12.3**	**—**	**12.3**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	16.0	—	104.5	120.5	-38.9	—	64.1	25.2
Currency gains/losses	29.7	0.1	-58.6	-28.8	-86.6	—	122.1	35.4
Reinsurance finance result	**45.7**	**0.1**	**45.9**	**91.7**	**-125.5**	**—**	**186.2**	**60.6**
Premiums paid	1,830.1	—	—	1,830.1	2,511.6	—	—	2,511.6
Claims and other reinsurance service expenses received, including investment components	—	—	-1,068.2	-1,068.2	—	—	-1,026.5	-1,026.5
Insurance acquisition cash flows	4.0	—	—	4.0	4.9	—	—	4.9
Cash flows	**1,834.0**	**—**	**-1,068.2**	**765.8**	**2,516.5**	**—**	**-1,026.5**	**1,490.0**
Closing balance – assets	**-554.3**	**-0.7**	**1,890.4**	**1,335.3**	**-804.0**	**-0.8**	**2,086.1**	**1,281.4**
Closing balance – liabilities	**995.9**	**—**	**-578.7**	**417.2**	**1,113.4**	**—**	**-664.9**	**448.5**
Closing balance – net	**-1,550.2**	**-0.7**	**2,469.1**	**918.1**	**-1,917.4**	**-0.8**	**2,751.0**	**832.9**

Movement in carrying amounts by measurement components – reinsurance contracts held in the property and casualty reinsurance segment

in EUR million						2023						2024
			CSM						CSM			
	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening balance – assets	**2,101.1**	**32.8**	**-3.7**	**2.6**	**35.8**	**2,168.7**	**1,222.6**	**60.8**	**-179.5**	**2.3**	**229.1**	**1,335.3**
Opening balance – liabilities	**227.3**	**-6.9**	**—**	**—**	**0.6**	**221.0**	**441.8**	**-4.2**	**—**	**—**	**-20.4**	**417.2**
Opening balance – net	**1,873.9**	**39.7**	**-3.7**	**2.6**	**35.1**	**1,947.6**	**780.8**	**65.0**	**-179.5**	**2.3**	**249.5**	**918.1**
CSM recognised in the profit or loss for services provided	—	—	-179.9	-1.3	-709.4	-890.7	—	—	-2.4	1.5	-942.8	-943.8
Change in risk adjustment for non-financial risk expired	—	2.6	—	—	—	2.6	—	-24.5	—	—	—	-24.5
Experience adjustments	-900.9	—	—	—	—	-900.9	-623.3	—	—	—	—	-623.3
Reinsurance service result – changes relate to current service	**-900.9**	**2.6**	**-179.9**	**-1.3**	**-709.4**	**-1,788.9**	**-623.3**	**-24.5**	**-2.4**	**1.5**	**-942.8**	**-1,591.6**
Contracts initially recognised in the year	-1,022.2	66.0	—	—	956.2	—	-1,285.3	30.9	—	—	1,254.4	—
Changes in recoveries of losses on onerous underlying contracts	—	—	—	—	—	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	25.0	11.9	-0.2	1.3	-39.4	-1.4	-93.0	7.8	4.8	-1.6	81.9	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	—	—	—	—	—	—	—	—	—	—	—	—
Reinsurance service result – changes relate to future service	**-997.3**	**77.9**	**-0.2**	**1.3**	**916.9**	**-1.4**	**-1,378.3**	**38.8**	**4.8**	**-1.6**	**1,336.3**	**—**
Reinsurance service result – changes that relate to past service	**-43.0**	**-53.8**	**—**	**—**	**—**	**-96.7**	**-9.9**	**-34.3**	**—**	**—**	**—**	**-44.3**
Reinsurance service result – Changes in non-performance risk of reinsurers	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	108.6	—	—	—	11.9	120.5	-2.3	—	—	—	27.5	25.2
Currency gains/losses	-26.3	-1.5	4.3	-0.3	-5.0	-28.8	17.0	2.2	-10.3	0.1	26.4	35.4
Reinsurance finance result	**82.3**	**-1.5**	**4.3**	**-0.3**	**6.9**	**91.7**	**14.7**	**2.2**	**-10.3**	**0.1**	**53.9**	**60.6**
Premiums paid	1,830.1	—	—	—	—	1,830.1	2,511.6	—	—	—	—	2,511.6
Claims and other reinsurance service expenses received, including investment components	-1,068.2	—	—	—	—	-1,068.2	-1,026.5	—	—	—	—	-1,026.5
Insurance acquisition cash flows	4.0	—	—	—	—	4.0	4.9	—	—	—	—	4.9
Cash flows	**765.8**	**—**	**—**	**—**	**—**	**765.8**	**1,490.0**	**—**	**—**	**—**	**—**	**1,490.0**
Closing balance – assets	**1,222.6**	**60.8**	**-179.5**	**2.3**	**229.1**	**1,335.3**	**931.5**	**38.5**	**-187.4**	**2.3**	**496.4**	**1,281.4**
Closing balance – liabilities	**441.8**	**-4.2**	**—**	**—**	**-20.4**	**417.2**	**657.5**	**-8.6**	**—**	**—**	**-200.5**	**448.5**
Closing balance – net	**780.8**	**65.0**	**-179.5**	**2.3**	**249.5**	**918.1**	**274.0**	**47.1**	**-187.4**	**2.3**	**696.8**	**832.9**

Contracts initially recognised – reinsurance contracts issued in the property and casualty reinsurance segment

in EUR million	2023		2024	
	Profitable contracts issued [1]	Onerous contracts issued	Profitable contracts issued [1]	Onerous contracts issued
Expected present value of cash outflows	14,258.2	309.7	17,065.0	393.6
Insurance acquisition cash flows	788.6	6.2	921.8	8.5
Expected present value of cash inflows	-18,643.0	-278.8	-22,236.7	-363.2
Risk adjustment for non-financial risk	271.9	3.2	263.0	3.2
Contractual service margin	3,324.3	—	3,986.9	—
Loss component	—	40.3	—	42.0

[1] Profitable contract includes the buckets profitable and remaining

Contracts initially recognised – reinsurance contracts held in the property and casualty reinsurance segment

in EUR million	2023		2024	
	Contracts retroceded without loss recovery component	Contracts retroceded with loss recovery component	Contracts retroceded without loss recovery component	Contracts retroceded with loss recovery component
Expected present value of cash inflows	1,320.8	—	1,591.6	—
Insurance acquisition cash flows	—	—	16.2	—
Expected present value of cash outflows	-2,343.0	—	-2,893.1	—
Risk adjustment for non-financial risk	66.0	—	30.9	—
Contractual service margin	956.2	—	1,254.4	—
Loss recovery amount	—	—	—	—

Development of claims in the property and casualty reinsurance segment

The loss and loss adjustment expense reserves are inevitably based to some extent on estimations that entail an element of uncertainty. The run-off result is defined as the adjustment of the liability for incurred claims of prior periods. In this regard, given that the period of some reinsurance contracts does not correspond to the calendar year or because they are concluded on an underwriting-year basis, it is frequently impossible to make an exact allocation of claims expenditures to the current financial year or the previous year.

Development of gross claims

The following table compares the actual claims payments for the current reporting year with the estimated undiscounted amounts of the expected claims in the context of the loss experience from a gross perspective.

Development of gross claims in the property and casualty reinsurance segment

in EUR million	31.12 2014	31.12 2015	31.12 2016	31.12 2017	31.12 2018	31.12 2019	31.12 2020	31.12 2021 [1]	31.12 2022	31.12 2023	31.12 2024	Total
Nominal incurred claims (gross)												
Current Year	5,323.0	6,213.8	6,537.0	8,561.7	9,308.4	10,130.4	11,649.9	13,797.6	15,577.0	15,140.7	15,324.2	
One year later	5,664.7	6,207.1	6,578.8	8,703.8	10,021.0	10,786.9	12,314.3	14,225.3	15,634.0	15,225.5		
Two years later	5,508.3	6,052.7	6,550.3	8,500.5	9,898.2	10,546.4	11,905.9	14,236.0	15,702.2			
Three years later	5,369.7	5,879.7	6,432.5	8,409.3	9,641.4	10,460.0	11,785.0	14,211.1				
Four years later	5,218.8	5,722.9	6,351.3	8,364.3	9,723.0	10,489.4	11,658.3					
Five years later	5,178.9	5,696.2	6,281.9	8,305.1	9,847.9	10,507.7						
Six years later	5,048.8	5,604.5	6,188.9	8,328.0	9,923.3							
Seven years later	4,981.6	5,525.9	6,133.6	8,264.0								
Eight years later	4,920.2	5,461.2	6,158.4									
Nine years later	4,913.9	5,448.0										
Ten years later	4,922.1											
Run-off nominal incurred claims past service (gross)	-8.1	13.2	-24.8	64.0	-75.4	-18.3	126.7	24.9	-68.2	-84.8		-50.8
Run-off nominal incurred claims past service older than 2014 (gross)												-35.8
Total run-off nominal incurred claims past service (gross)												**-86.6**
Total run-off discounted incurred claims past service (gross)												-51.0
Changes risk adjustment for non-financial risk past service discounted (gross)												140.0
Reinsurance contract related cash flows other than claims past service discounted (gross)												12.6
Discounted run-off result (gross)												**101.6**
Beginning of period gross liability for incurred claims 01.01.2024 (gross)												**37,383.5**
Nominal incurred claims - accident years from 2014 to 2024 (gross)	8.1	-13.2	24.8	-64.0	75.4	18.3	-126.7	-24.9	68.2	84.8	15,324.2	15,375.0
Claims payments - accident years from 2014 to 2024 (gross)	-49.7	-72.7	-158.8	-218.3	-241.5	-529.6	-633.9	-1,067.0	-1,867.2	-5,038.0	-6,769.8	-16,646.5
Nominal incurred claims and claims payments for accident years prior 2014 (gross)												-154.6
Effect of discounting												-882.4
Investment component												4,307.0
Currency effects												1,163.3
Changes accounts payable / receivable												640.2
Changes risk adjustment for non-financial risk												110.6
Remaining changes												18.0
End of period liability for incurred claims 31.12.2024 (gross)												**41,314.2**

[1] Values transformed from IFRS 4 up to and including the 2021 reporting year.

Development of net claims

The following table compares the actual claims payments for the current reporting year with the estimated undiscounted amounts of the expected claims in the context of the loss experience from a net perspective.

Development of net claims in the property and casualty reinsurance segment

in EUR million	31.12 2014	31.12 2015	31.12 2016	31.12 2017	31.12 2018	31.12 2019	31.12 2020	31.12 2021[1]	31.12 2022	31.12 2023	31.12 2024	Total
Nominal incurred claims (net)												
Current Year	5,045.5	5,931.0	6,065.5	7,720.7	8,303.1	9,432.8	10,903.4	12,236.6	14,095.3	14,286.9	14,044.5	
One year later	5,271.2	6,101.7	6,184.3	7,723.7	8,872.2	9,824.1	11,320.5	12,735.6	14,147.1	14,402.2		
Two years later	5,089.4	5,744.9	6,182.1	7,503.4	8,738.4	9,554.1	10,844.0	12,761.8	14,133.5			
Three years later	4,976.3	5,596.0	6,081.2	7,497.2	8,553.4	9,453.3	10,778.6	12,754.5				
Four years later	4,808.9	5,457.1	5,998.2	7,450.4	8,648.7	9,489.5	10,699.3					
Five years later	4,771.9	5,428.2	5,932.0	7,381.4	8,758.5	9,518.5						
Six years later	4,659.0	5,332.5	5,823.6	7,402.1	8,849.3							
Seven years later	4,584.4	5,240.8	5,764.9	7,307.6								
Eight years later	4,512.8	5,171.4	5,790.5									
Nine years later	4,503.0	5,157.5										
Ten years later	4,510.7											
Run-off nominal incurred claims past service (net)	-7.7	13.9	-25.6	94.5	-90.8	-29.0	79.3	7.3	13.6	-115.4		-59.9
Run-off nominal incurred claims past service older than 2014 (net)												-35.2
Total run-off nominal incurred claims past service (net)												**-95.1**
Total run-off discounted incurred claims past service (net)												-61.5
Changes risk adjustment for non-financial risk past service discounted (net)												105.6
Reinsurance contract related cash flows other than claims past service discounted (net)												13.2
Discounted run-off result (net)												**57.3**
Beginning of period liability for incurred claims 01.01.2024 (net)												**34,914.4**
Nominal incurred claims - accident years from 2014 to 2024 (net)	7.7	-13.9	25.6	-94.5	90.8	29.0	-79.3	-7.3	-13.6	115.4	14,044.5	14,104.4
Claims payments - accident years from 2014 to 2024 (net)	-49.1	-72.8	-156.3	-199.4	-227.4	-443.9	-645.3	-1,014.2	-1,646.6	-4,990.8	-6,756.1	-16,201.9
Nominal incurred claims and claims payments for accident years prior 2014 (net)												-122.5
Effect of discounting												-801.3
Investment component												4,294.7
Currency effects												1,041.2
Changes accounts payable / receivable												1,189.8
Changes risk adjustment for non-financial risk												127.3
Remaining changes												17.4
End of period liability for incurred claims 31.12.2024 (net)												**38,563.2**

[1] Values transformed from IFRS 4 up to and including the 2021 reporting year.

The discounted net run-off result in the current reporting year amounted to EUR 57.3 million (EUR 399.3 million).

Maturities of the contractual cash flows in the property and casualty reinsurance segment

in EUR million	2023		2024	
	Remaining contractual undiscounted net cash flows		Remaining contractual undiscounted net cash flows	
	Reinsurance contracts issued	Reinsurance contracts retroceded	Reinsurance contracts issued	Reinsurance contracts retroceded
Due in one year	5,535.9	-239.0	4,491.4	-1,320.5
Due after one through two years	8,251.0	320.1	9,838.1	516.6
Due after two through three years	5,464.5	211.9	6,242.0	329.4
Due after three through four years	4,175.4	157.6	4,632.9	228.2
Due after four through five years	3,124.9	116.4	3,476.8	174.0
Due after five through ten years	7,272.7	267.8	8,719.3	438.0
Due after ten through twenty years	3,484.0	128.7	4,325.8	212.8
Due after twenty years	1,315.4	49.2	1,239.9	60.0
	38,623.8	**1,012.6**	**42,966.1**	**638.4**
Discounting	-6,241.9	-231.8	-7,170.9	-364.5
Total	**32,381.9**	**780.8**	**35,795.3**	**274.0**

Maturities of the contractual service margin in the property and casualty reinsurance segment

in EUR million	2023		2024	
	Contractual service margin		Contractual service margin	
	Reinsurance contracts issued	Reinsurance contracts retroceded	Reinsurance contracts issued	Reinsurance contracts retroceded
Due in one year	1,566.2	75.9	1,905.9	527.6
Due after one through two years	296.7	—	216.7	0.6
Due after two through three years	43.6	—	46.3	—
Due after three through four years	13.0	—	25.2	—
Due after four through five years	7.1	—	13.4	—
Due after five through ten years	6.2	—	26.3	—
Due after ten through twenty years	1.6	—	7.6	—
Due after twenty years	—	—	0.1	—
	1,934.3	**75.9**	**2,241.5**	**528.2**
Discounting	-113.2	-3.6	-84.1	-16.5
Total	**1,821.1**	**72.3**	**2,157.4**	**511.7**

Reinsurance revenue (gross) by region in the property and casualty reinsurance segment

in EUR million	2023	2024
Regional origin		
Germany	1,287.0	1,483.8
United Kingdom	1,820.3	2,310.7
France	498.0	576.7
Other	1,726.1	2,066.2
Europe	**5,331.5**	**6,437.5**
USA	6,621.9	7,324.0
Other	1,177.7	1,276.7
North America	**7,799.6**	**8,600.7**
Asia	2,150.1	1,963.5
Australia	681.4	741.0
Australasia	**2,831.5**	**2,704.5**
Africa	203.6	225.8
Other	657.8	696.2
Total	**16,823.9**	**18,664.7**

Components of the reinsurance revenue (gross) in the property and casualty reinsurance segment

in EUR million	2023	2024
Components		
Expected incurred claims and other insurance expenses	12,837.6	11,691.7
CSM recognised for services provided	2,719.8	4,216.3
Change in risk adjustment for non-financial risk for risk expired	330.0	309.3
Experience adjustments for past or current services	408.2	1,463.1
Recovery of insurance acquisition cash flows	528.3	984.3
Total	**16,823.9**	**18,664.7**

8.2. Life and health insurance

Movement in carrying amounts of the liability for remaining coverage and for incurred claims – reinsurance contracts issued in the life and health segment

in EUR million				2023				2024
	LRC excluding loss component	Loss component	LIC	Total	LRC excluding loss component	Loss component	LIC	Total
Opening balance – assets	**1,587.0**	**-11.3**	**-446.6**	**1,129.2**	**1,282.6**	**-6.8**	**-409.8**	**866.0**
Opening balance – liabilities	**704.0**	**301.7**	**8,353.9**	**9,359.6**	**-259.6**	**440.5**	**8,793.1**	**8,974.0**
Opening balance – net	**-883.0**	**313.0**	**8,800.4**	**8,230.5**	**-1,542.2**	**447.3**	**9,202.9**	**8,108.0**
Contracts under the modified retrospective approach	-2,103.7	—	—	-2,103.7	-2,075.9	—	—	-2,075.9
Contracts under the fair value approach	-5,139.5	—	—	-5,139.5	-4,723.1	—	—	-4,723.1
Other contracts	-389.3	—	—	-389.3	-915.6	—	—	-915.6
Reinsurance revenue	**-7,632.5**	**—**	**—**	**-7,632.5**	**-7,714.5**	**—**	**—**	**-7,714.5**
Incurred claims and other reinsurance service expenses	0.1	-122.9	6,463.0	6,340.2	-0.1	-107.1	6,407.9	6,300.7
Amortisation of insurance acquisition cash flows	17.4	—	—	17.4	22.4	—	—	22.4
Losses and reversal of losses on onerous contracts	—	266.3	—	266.3	0.1	434.8	—	435.0
Adjustments to liabilities for incurred claims	—	—	89.7	89.7	—	—	46.8	46.8
Reinsurance service expenses	**17.5**	**143.4**	**6,552.8**	**6,713.7**	**22.4**	**327.7**	**6,454.7**	**6,804.9**
Investment component	**-1,571.4**	**—**	**1,571.4**	**—**	**-1,642.1**	**—**	**1,642.1**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	235.1	7.0	64.2	306.4	222.2	11.4	40.4	274.0
Currency gains/losses	52.1	-16.1	-217.0	-181.0	-17.7	13.1	187.0	182.4
Reinsurance finance result	**287.2**	**-9.1**	**-152.8**	**125.4**	**204.5**	**24.5**	**227.4**	**456.4**
Premiums received	8,278.8	—	—	8,278.8	9,267.6	—	—	9,267.6
Claims and other reinsurance service expenses paid, including investment components	—	—	-7,569.0	-7,569.0	—	—	-8,462.7	-8,462.7
Insurance acquisition cash flows paid	-38.9	—	—	-38.9	-34.3	—	—	-34.3
Cash flows	**8,239.9**	**—**	**-7,569.0**	**670.9**	**9,233.2**	**—**	**-8,462.7**	**770.5**
Closing balance – assets	**1,282.6**	**-6.8**	**-409.8**	**866.0**	**1,211.8**	**-12.9**	**-324.9**	**874.0**
Closing balance – liabilities	**-259.6**	**440.5**	**8,793.1**	**8,974.0**	**-226.8**	**786.5**	**8,739.6**	**9,299.3**
Closing balance – net	**-1,542.3**	**447.3**	**9,202.9**	**8,107.9**	**-1,438.7**	**799.4**	**9,064.5**	**8,425.3**

Movement in carrying amounts by measurement components – reinsurance contracts issued in the life and health reinsurance segment

in EUR million	2023						2024					
			CSM						CSM			
	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening balance – assets	**2,434.3**	**-107.6**	**-355.5**	**-424.8**	**-417.2**	**1,129.2**	**2,158.0**	**-107.6**	**-320.5**	**-385.3**	**-478.5**	**866.0**
Opening balance – liabilities	**1,858.2**	**3,055.0**	**1,474.1**	**2,481.6**	**490.7**	**9,359.6**	**1,017.4**	**2,919.4**	**2,063.3**	**2,401.0**	**572.9**	**8,974.0**
Opening balance – net	**-576.1**	**3,162.6**	**1,829.6**	**2,906.4**	**908.0**	**8,230.5**	**-1,140.6**	**3,027.0**	**2,383.9**	**2,786.2**	**1,051.4**	**8,108.0**
CSM recognised in the profit or loss for services provided	—	—	-167.0	-408.7	-308.0	-883.7	—	—	-180.4	-328.8	-398.3	-907.6
Change in risk adjustment for non-financial risk expired	—	-460.3	—	—	—	-460.3	—	-243.5	—	—	—	-243.5
Experience adjustments	68.9	—	—	—	—	68.9	-240.2	—	—	—	—	-240.2
Reinsurance service result – changes relate to current service	**68.9**	**-460.3**	**-167.0**	**-408.7**	**-308.0**	**-1,275.0**	**-240.2**	**-243.5**	**-180.4**	**-328.8**	**-398.3**	**-1,391.3**
Contracts initially recognised in the year	-426.5	75.2	—	—	365.8	14.4	-383.7	66.8	—	—	323.2	6.3
Changes in estimates that adjust the CSM	-960.3	-104.0	669.2	322.0	73.3	0.1	-869.4	116.1	225.9	205.3	322.1	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	78.0	173.9	—	—	—	251.9	346.9	81.7	—	—	—	428.5
Reinsurance service result – changes relate to future service	**-1,308.9**	**145.1**	**669.2**	**322.0**	**439.1**	**266.5**	**-906.2**	**264.6**	**225.9**	**205.3**	**645.2**	**434.8**
Reinsurance service result – changes that relate to past service	**94.1**	**-4.3**	**—**	**—**	**—**	**89.7**	**54.4**	**-7.5**	**—**	**—**	**—**	**46.8**
Reinsurance finance result before currency gains/losses plus changes through OCI	-99.0	258.0	62.4	54.7	30.3	306.4	87.4	1.1	82.3	61.9	41.3	274.0
Currency gains/losses	9.4	-74.1	-10.3	-88.1	-18.0	-181.0	-174.3	109.2	77.3	124.5	45.6	182.4
Reinsurance finance result	**-89.6**	**183.9**	**52.1**	**-33.4**	**12.4**	**125.4**	**-86.9**	**110.3**	**159.6**	**186.4**	**86.9**	**456.4**
Premiums received	8,278.8	—	—	—	—	8,278.8	9,267.6	—	—	—	—	9,267.6
Claims and other reinsurance service expenses paid, including investment components	-7,569.0	—	—	—	—	-7,569.0	-8,462.7	—	—	—	—	-8,462.7
Insurance acquisition cash flows paid	-38.9	—	—	—	—	-38.9	-34.3	—	—	—	—	-34.3
Cash flows	**670.9**	**—**	**—**	**—**	**—**	**670.9**	**770.5**	**—**	**—**	**—**	**—**	**770.5**
Closing balance – assets	**2,158.0**	**-107.6**	**-320.5**	**-385.3**	**-478.5**	**866.0**	**1,810.2**	**-49.4**	**-106.9**	**-241.8**	**-538.0**	**874.0**
Closing balance – liabilities	**1,017.4**	**2,919.4**	**2,063.3**	**2,401.0**	**572.9**	**8,974.0**	**261.1**	**3,101.6**	**2,482.1**	**2,607.3**	**847.2**	**9,299.3**
Closing balance – net	**-1,140.6**	**3,027.0**	**2,383.9**	**2,786.2**	**1,051.4**	**8,107.9**	**-1,549.0**	**3,150.9**	**2,589.0**	**2,849.1**	**1,385.2**	**8,425.3**

Movement in carrying amounts of the liability for remaining coverage and for incurred claims – reinsurance contracts held in the life and health reinsurance segment

in EUR million				2023				2024
	Reinsurance recoverables on LRC without loss recovery component	Loss recovery component	Reinsurance recoverables on LIC	Total	Reinsurance recoverables on LRC without loss recovery component	Loss recovery component	Reinsurance recoverables on LIC	Total
Opening balance – assets	**266.6**	**22.3**	**131.9**	**420.9**	**-156.8**	**6.3**	**341.0**	**190.6**
Opening balance – liabilities	**853.3**	**0.1**	**-517.7**	**335.7**	**738.9**	**-21.4**	**-435.8**	**281.7**
Opening balance – net	**-586.6**	**22.2**	**649.6**	**85.2**	**-895.6**	**27.7**	**776.9**	**-91.1**
Reinsurance revenue (ceded)	-740.6	—	—	-740.6	-565.3	—	—	-565.3
Incurred claims and other reinsurance service expenses	—	-0.7	607.9	607.2	—	-0.8	548.3	547.4
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—	—	—
Losses and reversal of losses on onerous contracts	—	6.8	—	6.8	—	-4.6	—	-4.6
Adjustments to liabilities for incurred claims	—	—	17.5	17.5	—	—	-4.2	-4.2
Reinsurance service result – net expenses from reinsurance contracts retroceded	**-740.6**	**6.1**	**625.5**	**-109.1**	**-565.3**	**-5.5**	**544.1**	**-26.7**
thereof changes in non-performance risk of reinsurers	-57.3	—	-3.3	-60.6	0.1	—	3.8	3.9
Investment component	**-421.3**	**—**	**421.3**	**—**	**-412.2**	**—**	**412.2**	**—**
Reinsurance finance result before currency gains/losses plus changes through OCI	5.0	0.7	0.7	6.5	62.0	1.0	0.6	63.6
Currency gains/losses	-1.0	-1.4	-4.2	-6.5	-28.0	0.7	29.9	2.6
Reinsurance finance result	**4.1**	**-0.6**	**-3.4**	**—**	**34.0**	**1.7**	**30.5**	**66.2**
Premiums paid	848.8	—	—	848.8	1,024.0	—	—	1,024.0
Claims and other reinsurance service expenses received, including investment components	—	—	-916.1	-916.1	—	—	-960.0	-960.0
Insurance acquisition cash flows	—	—	—	—	—	—	—	—
Cash flows	**848.8**	**—**	**-916.1**	**-67.2**	**1,024.0**	**—**	**-960.0**	**64.0**
Closing balance – assets	**-156.8**	**6.3**	**341.0**	**190.6**	**-298.4**	**38.6**	**479.9**	**220.1**
Closing balance – liabilities	**738.9**	**-21.4**	**-435.8**	**281.7**	**516.6**	**14.7**	**-323.6**	**207.8**
Closing balance – net	**-895.6**	**27.7**	**776.9**	**-91.1**	**-815.1**	**23.9**	**803.6**	**12.4**

Movement in carrying amounts by measurement components – reinsurance contracts held in the life and health reinsurance segment

in EUR million	2023						2024					
			CSM						CSM			
	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total	EPV of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening balance – assets	**374.7**	**31.3**	**—**	**14.9**	**-0.1**	**420.9**	**-179.3**	**80.0**	**232.4**	**44.5**	**13.0**	**190.6**
Opening balance – liabilities	**627.9**	**-120.0**	**-162.9**	**-55.0**	**45.7**	**335.7**	**325.0**	**-61.9**	**-5.7**	**29.5**	**-5.2**	**281.7**
Opening balance – net	**-253.2**	**151.3**	**162.9**	**69.9**	**-45.7**	**85.2**	**-504.3**	**142.0**	**238.2**	**14.9**	**18.2**	**-91.1**
CSM recognised in the profit or loss for services provided	—	—	-24.4	3.5	-11.2	-32.1	—	—	-4.5	-5.2	-15.1	-24.8
Change in risk adjustment for non-financial risk expired	—	-23.4	—	—	—	-23.4	—	-15.1	—	—	—	-15.1
Experience adjustments	-17.2	—	—	—	—	-17.2	18.1	—	—	—	—	18.1
Reinsurance service result – changes relate to current service	**-17.2**	**-23.4**	**-24.4**	**3.5**	**-11.2**	**-72.8**	**18.1**	**-15.1**	**-4.5**	**-5.2**	**-15.1**	**-21.8**
Contracts initially recognised in the year	-7.7	0.3	—	—	7.4	—	-6.5	—	—	—	6.5	—
Changes in recoveries of losses on onerous underlying contracts	0.9	—	—	—	-0.9	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	-112.9	7.0	95.6	-59.8	70.1	—	-27.0	-4.0	5.7	16.3	9.1	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	7.5	-0.7	—	—	—	6.8	-7.5	2.8	—	—	—	-4.6
Reinsurance service result – changes relate to future service	**-112.3**	**6.7**	**95.6**	**-59.8**	**76.6**	**6.8**	**-41.0**	**-1.1**	**5.7**	**16.3**	**15.5**	**-4.6**
Reinsurance service result – changes that relate to past service	**17.6**	**—**	**—**	**—**	**—**	**17.5**	**-4.2**	**—**	**—**	**—**	**—**	**-4.2**
Reinsurance service result – Changes in non-performance risk of reinsurers	**-60.6**	**—**	**—**	**—**	**—**	**-60.6**	**3.9**	**—**	**—**	**—**	**—**	**3.9**
Reinsurance finance result before currency gains/losses plus changes through OCI	-8.4	9.1	4.8	1.4	-0.4	6.5	51.1	2.6	8.6	0.5	0.7	63.6
Currency gains/losses	-2.9	-1.7	-0.7	—	-1.1	-6.5	-15.6	5.4	11.4	0.7	0.7	2.6
Reinsurance finance result	**-11.3**	**7.4**	**4.0**	**1.3**	**-1.5**	**—**	**35.6**	**8.0**	**20.0**	**1.2**	**1.5**	**66.2**
Premiums paid	848.8	—	—	—	—	848.8	1,024.0	—	—	—	—	1,024.0
Claims and other reinsurance service expenses received, including investment components	-916.1	—	—	—	—	-916.1	-960.0	—	—	—	—	-960.0
Insurance acquisition cash flows	—	—	—	—	—	—	—	—	—	—	—	—
Cash flows	**-67.2**	**—**	**—**	**—**	**—**	**-67.2**	**64.0**	**—**	**—**	**—**	**—**	**64.0**
Closing balance – assets	**-179.3**	**80.0**	**232.4**	**44.5**	**13.0**	**190.6**	**-192.6**	**85.9**	**262.4**	**45.6**	**18.7**	**220.1**
Closing balance – liabilities	**325.0**	**-61.9**	**-5.7**	**29.5**	**-5.2**	**281.7**	**235.3**	**-47.7**	**3.1**	**18.5**	**-1.3**	**207.8**
Closing balance – net	**-504.3**	**142.0**	**238.2**	**14.9**	**18.2**	**-91.1**	**-427.9**	**133.7**	**259.4**	**27.1**	**20.1**	**12.4**

Contracts initially recognised – reinsurance contracts issued in the life and health reinsurance segment

in EUR million	2023		2024	
	Profitable contracts issued [1]	Onerous contracts issued	Profitable contracts issued [1]	Onerous contracts issued
Expected present value of cash outflows	2,702.0	27.8	2,721.8	16.8
Insurance acquisition cash flows	19.5	—	22.0	0.3
Expected present value of cash inflows	-3,162.2	-13.7	-3,133.3	-11.2
Risk adjustment for non-financial risk	74.9	0.3	66.3	0.5
Contractual service margin	365.8	—	323.2	—
Loss component	—	14.4	—	6.4

[1] Profitable contract includes the buckets profitable and remaining

Contracts initially recognised – reinsurance contracts held in the life and health reinsurance segment

in EUR million	2023		2024	
	Contracts retroceded without loss recovery component	Contracts retroceded with loss recovery component	Contracts retroceded without loss recovery component	Contracts retroceded with loss recovery component
Expected present value of cash inflows	367.5	1.3	347.5	0.1
Insurance acquisition cash flows	—	—	—	—
Expected present value of cash outflows	-375.2	-0.4	-354.1	-0.1
Risk adjustment for non-financial risk	0.3	—	—	—
Contractual service margin	7.4	-0.9	6.5	—
Loss recovery amount	—	—	—	—

Maturities of the contractual cash flows in the life and health reinsurance segment

in EUR million	2023		2024	
	Remaining contractual undiscounted net cash flows		Remaining contractual undiscounted net cash flows	
	Reinsurance contracts issued	Reinsurance contracts retroceded	Reinsurance contracts issued	Reinsurance contracts retroceded
Due in one year	819.6	-63.9	634.9	-0.5
Due after one through two years	359.6	-79.7	294.8	-85.6
Due after two through three years	189.9	-12.4	197.6	-20.0
Due after three through four years	-241.0	-20.6	-300.9	-22.5
Due after four through five years	-231.6	-22.0	-344.1	-23.8
Due after five through ten years	-1,359.3	-121.2	-1,367.3	-129.3
Due after ten through twenty years	-1,680.8	-242.9	-1,813.0	-262.4
Due after twenty years	628.6	-230.9	80.9	-221.2
	-1,514.9	**-793.7**	**-2,617.1**	**-765.3**
Discounting	374.3	289.4	1,068.1	337.5
Total	**-1,140.6**	**-504.3**	**-1,549.0**	**-427.9**

Maturities of the contractual service margin in the life and health reinsurance segment

in EUR million	2023		2024	
	Contractual service margin		Contractual service margin	
	Reinsurance contracts issued	Reinsurance contracts retroceded	Reinsurance contracts issued	Reinsurance contracts retroceded
Due in one year	631.8	25.5	714.9	17.0
Due after one through two years	495.3	13.6	548.9	17.3
Due after two through three years	434.3	15.5	471.1	18.0
Due after three through four years	407.0	16.1	449.7	18.7
Due after four through five years	393.1	16.5	432.9	19.0
Due after five through ten years	1,728.3	84.6	1,829.3	97.0
Due after ten through twenty years	2,169.3	146.8	2,355.1	163.9
Due after twenty years	3,227.8	66.2	3,679.9	86.6
	9,487.0	**384.8**	**10,481.8**	**437.5**
Discounting	-3,265.5	-113.6	-3,658.5	-130.9
Total	**6,221.5**	**271.3**	**6,823.4**	**306.6**

Reinsurance revenue (gross) by region in the life and health reinsurance segment

in EUR million	2023	2024
Regional origin		
Germany	146.2	90.5
United Kingdom	1,974.2	2,003.8
France	308.5	299.5
Other	231.8	284.7
Europe	**2,660.6**	**2,678.6**
USA	2,394.1	2,298.8
Other	124.1	128.2
North America	**2,518.2**	**2,427.1**
Asia	1,030.2	1,112.5
Australia	708.6	772.0
Australasia	**1,738.8**	**1,884.5**
Africa	261.9	256.5
Other	453.0	467.9
Total	**7,632.5**	**7,714.5**

Components of the reinsurance revenue (gross) in the life and health reinsurance segment

in EUR million	2023	2024
Components		
Expected incurred claims and other insurance expenses	6,091.4	6,230.8
CSM recognised for services provided	883.7	907.6
Change in risk adjustment for non-financial risk for risk expired	466.1	250.9
Experience adjustments for past or current services	174.0	302.8
Recovery of insurance acquisition cash flows	17.4	22.4
Total	**7,632.5**	**7,714.5**

9. Other notes

9.1. Derivative financial instruments and financial guarantees

Derivatives are financial instruments, the fair value of which is derived from an underlying trading instrument such as equities, bonds, indices or currencies. We use derivative financial instruments in order to hedge parts of our portfolio against interest rate and market price risks, optimise returns or realise intentions to buy / sell. In this context we take special care to limit the risks, select first-class counterparties and adhere strictly to the standards defined by investment guidelines.

The fair values of the derivative financial instruments were determined on the basis of the market information available at the balance sheet date. Please see section **3.1 "Summary of major accounting policies"** with regard to the measurement models used.

Hannover Re holds derivative financial instruments to hedge interest rate risks from loans connected with the financing of real estate; these gave rise to recognition of other liabilities in an amount of EUR 0.8 million (EUR 0.0 million) and financial assets at fair value through profit or loss in an amount of EUR 0.0 million (EUR 2.1 million).

For the purpose of structuring the asset/liability management of non-current liabilities in certain currencies, Hannover Re has used with effect from the 2023 financial year onwards derivatives for interest rate hedging – in addition to those mentioned above and for other scenarios – that result in the recognition of financial assets at fair value through profit or loss in an amount of EUR 6.3 million (EUR 2.2 ,million) and other liabilities in an amount of EUR 15.0 million (EUR 8.2 million).

Hannover Re's portfolio contained derivative financial instruments as at the balance sheet date in the form of forward exchange transactions taken out to hedge currency risks. These transactions gave rise to recognition of other liabilities in an amount of EUR 73.5 million (EUR 56.8 million) and financial assets at fair value through profit or loss in an amount of EUR 71.2 million (EUR 92.1 million).

The increase in equity from hedging instruments recognised in OCI pursuant to IFRS 9 in an amount of EUR 14.4 million (decrease of EUR 1.3 million recognised in OCI) derived from the forward exchange transactions taken out to hedge currency risks from long-term investments in foreign operations. These hedging instruments resulted in the recognition of financial assets at fair value through profit or loss of EUR 4.8 million (other liabilities of EUR 1.1 million).

Inflation swaps are taken out in the form of cash flow hedges to minimise the inflation risk associated with payments under a morbidity loss reserve portfolio. These serve primarily to hedge volatility in reinsurance payments due. The structuring is such that separate inflation swaps are taken out for the loss payments incurred in each year. These financial instruments result in disclosure of financial assets at fair value through profit or loss in an amount of EUR 1.6 million (EUR 4.3 million). The hedge gave rise to a decrease in equity from hedging instruments recognised in OCI in an amount of EUR 2.8 million (increase of EUR 2.1 million recognised in OCI).

In order to hedge the risk of share price changes in connection with the stock appreciation rights granted under the share award plan, Hannover Re has taken out hedges since 2014 in the form of so-called equity swaps. The fair value of these instruments was recognised in an amount of EUR 2.6 million under other other liabilities (EUR 2.2 million under other assets) as at the balance sheet date. The hedge gave rise to an increase in equity from hedging instruments recognised in OCI in an amount of EUR 0.5 million (EUR 2.0 million).

The maturities of the fair values and notional values of the hedging instruments described above can be broken down as follows:

Maturity structure of derivative financial instruments

in EUR million					2023					2024
	Less than one year	One to five years	Five to ten years	More than ten years	31.12.2023	Less than one year	One to five years	Five to ten years	More than ten years	31.12.2024
Interest rate hedges										
Fair values	2.1	-1.4	-3.6	-1.0	-3.9	—	-2.3	-5.1	-2.2	-9.5
Notional values	30.0	63.6	336.1	36.2	466.0	—	95.0	343.5	37.0	475.5
Currency and other risk hedges										
Fair values	35.3	14.0	-15.1	—	34.2	-13.7	29.9	-13.8	—	2.4
Notional values	2,940.8	1,212.4	330.2	—	4,483.4	2,416.0	858.7	372.4	—	3,647.1
Inflation hedges										
Fair values	0.7	1.9	1.7	—	4.3	0.2	0.7	0.5	—	1.5
Notional values	41.8	84.2	74.4	—	200.3	65.7	183.9	107.5	—	357.0
Share price hedges										
Fair values	2.2	—	—	—	2.2	-2.6	—	—	—	-2.6
Notional values	37.2	—	—	—	37.2	47.7	—	—	—	47.7
Total hedging instruments										
Fair values	40.1	14.5	-16.9	-1.0	36.7	-16.0	28.3	-18.3	-2.2	-8.2
Notional values	3,049.8	1,360.2	740.7	36.2	5,186.9	2,529.4	1,137.6	823.3	37.0	4,527.3

The net changes in the fair value of these instruments decreased the result of the financial year by EUR 67.1 million (increase in the result of EUR 7.1 million).

Hannover Re enters into derivative transactions on the basis of standardised master agreements that contain global netting agreements. The netting agreements set out below normally do not meet the criteria for netting in the balance sheet, since Hannover Re has no legal right whatsoever at the present moment in time to netting of the recognised amounts. The right to netting can, as a matter of principle, only be enforced upon occurrence of certain future defined events. Collateral furnished or received is recognised per counterparty up to at most the amount of the respective net liability or net asset.

Netting agreements

in EUR million	2023					2024				
	Fair value	Netting agreement	Cash collateral received/furnished	Other collateral received/furnished	Net amount	Fair value	Netting agreement	Cash collateral received/furnished	Other collateral received/furnished	Net amount
Derivative receivables	96.5	35.1	54.6	0.6	6.2	72.9	33.4	39.1	0.3	0.1
Derivative liabilities	63.1	35.1	5.2	20.3	2.5	90.5	33.4	11.8	36.4	8.9

Derivative financial instruments in connection with reinsurance

A number of treaties in life and health reinsurance meet criteria which require application of the stipulations contained in IFRS 17 "Insurance Contracts" governing embedded derivatives. These accounting regulations require that certain derivatives embedded in reinsurance contracts be separated from the underlying insurance contract ("host contract"), reported separately at fair value in accordance with IFRS 9 "Financial Instruments" and recognised under investments. Fluctuations in the fair value of the derivative components are to be recognised through profit and loss in subsequent periods.

A number of transactions concluded in the Life & Health reinsurance business group in previous years, under which Hannover Re companies offer their contracting parties coverage for risks from possible future payment obligations arising out of hedging instruments, are also to be classified as derivative financial instruments. The payment obligations result from contractually defined events and relate to the development of an underlying group of primary insurance contracts with statutory reserving requirements. The contracts are to be categorised and recognised as stand-alone credit derivatives pursuant to IFRS 9. These derivative financial instruments were carried in equity on initial recognition. Please see section 6.3 "Other assets". The fair value of these instruments was EUR 14.2 million (EUR 16.0 million) on the balance sheet date and was recognised under financial assets at fair value through profit or loss. The change in value in subsequent periods is dependent upon the risk experience and led to an improvement in the result of EUR 56.5 million (EUR 38.8 million) in the financial year.

The portfolio contains a hedge against an extreme increase in mortality that protects the Hannover Re Group against a rise in mortality rates, for example due to pandemics, natural catastrophes or terrorist attacks. The risk swap is indexed against a weighted combination of US, UK and Australian population mortality. Payment under the cover is triggered proportionately between 110% and 120% of the mortality index. The derivative was recognised with a negative fair value of EUR 1.0 million (EUR 1.8 million) under other liabilities. The change in the fair value of the derivative gave rise to income of EUR 0.8 million (13.5 million) in the course of the year.

In the area of life and health reinsurance a reinsurance treaty with a financing component was also written in the past under which the amount and timing of the return flows are dependent on lapse rates within an underlying primary insurance portfolio. This treaty and a corresponding retrocession agreement, which are classified as financial instruments pursuant to IFRS 9, resulted in the recognition of other liabilities of EUR 4.7 million (EUR 8.9 million) and financial assets at fair value through profit or loss in an amount of EUR 124.7 million (EUR 125.9 million). Altogether, these arrangements gave rise to an improvement in the result of EUR 12.9 million (improvement of EUR 11.4 million) in the year under review.

At the end of the 2017 financial year an index-linked cover was written for longevity risks. The resulting derivative was recognised as at the balance sheet date with a positive fair value of EUR 7.7 million (EUR 7.1 million) under financial assets at fair value through profit or loss. The change in the fair value of the derivative gave rise to income of EUR 3.4 million (EUR 4.4 million) in the course of the year.

In the 2022 financial year a cover containing a financing component was taken out for biometric risks in life and health reinsurance. IFRS 9 requires that an embedded derivative be separated from this arrangement. The derivative resulted in recognition of financial assets at fair value through profit or loss in an amount of EUR 0.0 million (EUR 12.7 million) in the year under review. The change in the fair value of this derivative gave rise to income of EUR 0.4 million (EUR 4.3 million) over the course of the year.

All in all, application of the standards governing the accounting for derivatives in connection with the technical account led to recognition of assets totalling EUR 146.6 million (EUR 161.8 million) as well as recognition of liabilities in an amount of EUR 5.7 million (EUR 10.6 million) from the derivatives resulting from technical items as at the balance sheet date. Improvements in the result amounting to EUR 74.1 million (EUR 72.4 million) and no charges were recognised in the year under review from all separately measured derivatives in connection with the technical account.

Financial guarantees

Structured transactions were entered into in the life and health reinsurance business group in order to finance statutory reserves (so-called Triple-X or AXXX reserves) of US ceding companies. In each case such structures necessitated the involvement of a special purpose entity. The special purpose entities carry extreme mortality risks securitised by the cedants above a contractually defined retention and transfer these risks by way of a fixed / floating swap to a member company of the Hannover Re Group. The total amount of the contractually agreed capacities of the transactions is equivalent to EUR 3,192.5 million (EUR 794.5 million); an amount equivalent to EUR 2,629.2 million (EUR 735.2 million) had been taken up as at the balance sheet date. The variable payments to the special purpose entities that are guaranteed by the Hannover Re Group cover their payment obligations. Under some of the transactions the payments resulting from the swaps in the event of a claim are reimbursed by the parent companies of the cedants by way of compensation agreements. In this case the reimbursement claims from the compensation agreements are to be capitalised separately from and up to the amount of the provision.

Under IFRS 9 these transactions are to be recognised at fair value as financial guarantees. To this end Hannover Re uses the net method, according to which the present value of the agreed fixed swap premiums is netted with the present value of the guarantee commitment. The fair value on initial recognition therefore amounted to zero. The higher of the fair value and the amount carried as a provision on the liabilities side pursuant to IAS 37 is recognised at the point in time when utilisation is considered probable. This was not the case as at the balance sheet date.

9.2. Related party disclosures

IAS 24 “Related Party Disclosures” defines related parties as group entities of a common parent, associated entities and joint ventures, legal entities under the influence of key management personnel and the key management personnel of the entity itself. Transactions between Hannover Rück SE and its subsidiaries, which are to be regarded as related parties, were eliminated through consolidation and are therefore not discussed in the notes to the consolidated financial statement. In the year under review the significant business relations described below existed with related parties.

Talanx AG holds an unchanged majority interest of 50.2% in Hannover Rück SE. For its part, Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit (HDI), Hannover, holds a majority interest in Talanx AG.

The business relationship between Hannover Rück SE and its subsidiary E+S Rückversicherung AG is based on a cooperation agreement. A retrocession by Hannover Rück SE to E+S Rückversicherung AG exists in property and casualty reinsurance. E+S Rückversicherung AG and Hannover Rück SE bear exclusive responsibility for German business and for international markets respectively.

Companies belonging to the Talanx Group granted the Hannover Re Group insurance protection inter alia in the areas of motor, public liability, building, contractors all risks, group accident and business travel insurance. Divisions of Talanx AG also performed services for the Hannover Re Group in the areas of taxes and general administration. Divisions of Hannover Rück SE performed services in connection with the insurance and reinsurance business of HDI Global Specialty SE, a participation of HDI Global SE.

Talanx Reinsurance Broker GmbH and Talanx AG grant Hannover Rück SE and E+S Rückversicherung AG a preferential position as reinsurers of cedants within the Talanx Group. In addition, Hannover Rück SE and E+S Rückversicherung AG are able to participate in the protection covers on the retention of Group cedants and share in the protection afforded by them. In certain circumstances Hannover Rück SE and E+S Rückversicherung AG are obliged to assume unplaced shares of the reinsurance of Group cedants from Talanx Reinsurance Broker GmbH or Talanx AG.

The Hannover Re Group provides reinsurance protection for the HDI Group. To this extent, numerous underwriting business relations exist with related parties in Germany and abroad that are not included in the Hannover Re Group’s consolidation. This includes business both assumed and ceded at usual market conditions.

The reinsurance relationships with related parties in the year under review and the previous year are shown with their total amounts in the following table.

Business assumed and ceded in Germany and abroad

in EUR million			2023			2024
	Property and casualty reinsurance	Life and health reinsurance	Total	Property and casualty reinsurance	Life and health reinsurance	Total
Material items in the statement of income						
Business assumed						
Reinsurance revenue	761.5	107.4	868.9	999.0	41.8	1,040.8
Reinsurance service expenses	-622.8	-81.0	-703.8	-855.8	-19.2	-875.0
Reinsurance service result	**138.7**	**26.4**	**165.1**	**143.2**	**22.6**	**165.8**
Business ceded						
Reinsurance expenses	7.0	-38.2	-31.2	1.1	-26.7	-25.6
Income from reinsurance contracts held	6.5	25.0	31.5	2.1	18.4	20.5
Net result from reinsurance contracts held	**13.5**	**-13.2**	**0.3**	**3.2**	**-8.3**	**-5.1**
Reinsurance service result (net)	**152.2**	**13.2**	**165.4**	**146.4**	**14.3**	**160.7**
Material items in the balance sheet						
Assets						
Reinsurance recoverables on liability for incurred claims	17.5	—	17.5	12.1	—	12.1
Reinsurance recoverables on liability for remaining coverage	14.8	—	14.8	9.1	—	9.1
Recoverables on reinsurance contracts ceded	**32.3**	**—**	**32.3**	**21.2**	**—**	**21.2**
Reinsurance contracts issued in an asset position	28.9	49.0	77.9	-9.1	44.1	35.1
Liabilities						
Liability for incurred claims LIC	2,986.7	12.9	2,999.6	3,024.9	13.7	3,038.6
Liability for remaining coverage LRC	-27.3	10.7	-16.6	-76.7	8.9	-67.7
Liabilities from reinsurance contracts issued	**2,959.4**	**23.6**	**2,983.0**	**2,948.3**	**22.7**	**2,970.9**
Reinsurance contracts ceded in a liability position	2.4	10.9	13.3	0.8	7.5	8.2

In addition, other assets of EUR 156.5 million (EUR 148.6 million) as well as other liabilities of EUR 204.6 million (EUR 138.3 million) exist with respect to Talanx AG and its subsidiaries, which are not part of the scope of consolidation of Hannover Re.

HDI Lebensversicherung AG, Cologne, participated in a nominal amount of EUR 50.0 million in the subordinated bond issued by Hannover Rück SE in September 2014 with a coupon of 3.375%.

Within the contractually agreed framework Ampega Asset Management GmbH performs real estate management as well as investment and asset management services for Hannover Rück SE and the vast majority of its subsidiaries. A total amount of EUR 63.9 million (EUR 55.7 million) was expensed for the rendering of these services in the financial year just ended.

Hannover Rück SE has concluded agreements with Ampega Asset Management GmbH, Talanx Reinsurance Broker GmbH and Svedea AB that enable these companies to use software for screening sanctions lists. The contract with Svedea AB had a term up to and including November 2024.

IT and management services were performed for Talanx Reinsurance Broker GmbH, Hannover, under service contracts.

Actuarial opinions with respect to the pension commitments given to staff are drawn up for Hannover Rück SE and E+S Rückversicherung AG by HDI Pensionsmanagement AG under an actuarial service contract.

Talanx AG performs various services in the area of taxes for a number of investment vehicles of the Hannover Re Group in the asset classes of private equity and real estate. In this regard corresponding agreements have been concluded with Hannover Re companies.

Since 2012 a service agreement has existed between Hannover Rück SE and Talanx AG regarding the use of data acquisition software for Group accounting purposes.

Hannover Rück SE performs IT services for HDI Global Specialty SE and for Talanx AG. In addition, since May 2024 Hannover Rück SE has used data centre space leased from a provider together with HDI AG. In this connection HDI AG holds the lease agreement with the provider, while Hannover Rück SE is the sublessee.

Hannover Rück SE has concluded a service contract with Talanx Service AG in the area of flight services as well as a contract regarding the reciprocal provision of business continuity management services.

Since 2004 a service agreement has existed between Hannover Rück SE, E+S Rückversicherung AG and Talanx Reinsurance Broker GmbH regarding the use of market security services and access to the business partner information system of Hannover Rück SE.

Remuneration and shareholdings of the members of the governing bodies of the parent company

The remuneration of the active members of the Executive Board of Hannover Re amounted to altogether EUR 14.2 million (EUR 11.4 million). In the event of 100% target attainment, the remuneration of the Executive Board consists of a 40% short-term fixed component and a 60% variable component. Each member of the Executive Board receives a contractual commitment to customary target remuneration which is aligned with their scope of responsibility and their expertise and experience of relevance to the position. The long-term incentive is paid out at the end of the four-year performance period in the 2029 financial year.

With effect from 1 January 2021 the variable component of the Executive Board remuneration is split into a short-term incentive (40%) and a long-term incentive (60%) (HR performance share awards). For a detailed explanation of the long-term incentive (LTI) we would refer to section **9.3 “Share-based payment”**. The short-term incentive (STI) is geared to Hannover Re's commercial success in the respective financial year. The basis for payment under the STI is the contractually defined STI target amount, which is based on overall target attainment of 100%. The overall target attainment (including the individual premium or deduction) can range from 0% to 200%. The amount paid out under the STI is thus limited to 200% of the target amount. In addition to the return on equity as a financial performance criterion, an individual premium or deduction is also determinative for the STI. The latter encompasses both financial and non-financial performance criteria, particularly including sustainability targets. The amount of the premium or deduction, which can range from -25 percentage points to +25 percentage points, is determined by the Supervisory Board at its reasonable discretion. The criteria and key performance indicators used to establish the individual premium or deduction are defined by the Supervisory Board in advance for the coming financial year and communicated to the members of the Executive Board. The STI for the 2024 financial year amounts to EUR 5.8 million (EUR 4.8 million).

The fixed remuneration is granted in three components, namely fixed remuneration, fringe benefits and retirement provision. The fixed remuneration is aligned with the scope of duties and the professional experience of the individual member of the Executive Board. In addition, each member of the Executive Board receives certain, non-performance-based fringe benefits in the customary scope, for example a company car and insurance coverage. These amounted to EUR 0.1 million (EUR 0.2 million).

The benefits after termination of the employment relationship for the most part consist of a defined contribution retirement plan. Altogether, a pension expense for the active members of the Executive Board amounting to EUR 1.0 million (EUR 0.6 million) was recognised for 2024.

The total remuneration of former members of the Executive Board and their surviving dependants breaks down as follows: there were 16 (16) pension commitments, which amounted to EUR 2.0 million (EUR 2.0 million) in the year under review. In addition, former members of the Executive Board received long-term, variable remuneration components in the year under review for prior years in an amount of EUR 0.7 million (EUR 0.9 million). Altogether, a provision of EUR 26.7 million (EUR 26.4 million) has been set aside for pension commitments.

The exclusively short-term total remuneration of the Supervisory Board of Hannover Re amounted to EUR 1.2 million (EUR 1.1 million). Around EUR 0.8 million (EUR 0.8 million) was attributable to remuneration for work on the Supervisory Board. In addition, remuneration of EUR 0.2 million (EUR 0.2 million) was paid for committee work together with EUR 0.1 million (EUR 0.1 million) for attendance allowances. A further EUR 0.1 million (EUR 0.1 million) arose in connection with supervisory board remuneration at Group companies. There are no pension commitments for former members of the Supervisory Board or their surviving dependants.

Remuneration of the active members of the Executive Board

in EUR million	2023	2024
Short-term benefits	9.6	11.4
Other long term benefits	1.8	2.6
Benefits after termination of the employment relationship	0.6	1.0

Members of the Supervisory Board and Executive Board of Hannover Rück SE as well as their spouses or registered partners and first-degree relatives hold less than 1.0 % of the issued shares. The total holding as at 31 December 2024 amounted to 0.00307 % (0.00321 %) of the issued shares, i.e. 3,707 (3,872) shares.

The members of the governing bodies did not receive any advances or loans in the year under review. Nor were there any other material reportable circumstances or contractual relationships as defined by IAS 24 between companies of the Hannover Re Group and the members of the governing bodies or their related parties in the year under review. Furthermore, above and beyond the aforementioned remuneration as supervisory board members at Group companies, the members of the Supervisory Board were not granted any remuneration or benefits for personally rendered services.

All other information regarding the remuneration system and the remuneration report of the Executive Board and Supervisory Board can be accessed online: **Remuneration report↗**.

9.3. Shared-based payment

Since 2011 Hannover Re has had a share-based payment plan with cash settlement (Share Award Plan).

Share Award Plan

With effect from the 2011 financial year the Supervisory Board of Hannover Rück SE implemented a Share Award Plan for the members of the Executive Board of Hannover Re; this provides for the granting of stock participation rights in the form of virtual shares (referred to as "share awards").

The Executive Board of Hannover Re decided to adopt a Share Award Plan for certain management levels at Hannover Re as well with effect from the 2012 financial year. The Share Award Plan for the Executive Board was modified and expanded with effect from the 2021 financial year ("performance shares") by a resolution of the Annual General Meeting.

The share awards do not establish any claim against Hannover Re to the delivery of stock, but merely to payment of a cash amount in accordance with the conditions set out below.

The members of the Executive Board and management of Hannover Re who are eligible recipients under the Share Award Plan are those who have been allowed a contractual claim to the granting of share awards and whose service / employment relationship exists at the time when the share awards are granted and does not end through cancellation or a termination agreement on an effective date prior to expiry of the vesting period.

Share awards were granted separately for the first time for the 2011 financial year and then for each financial year (allocation year) thereafter. The first payout of share awards took place in the 2016 financial year for those share awards that had been allocated in the 2011 financial year to the eligible members of the Executive Board. In the 2017 financial year the first payout was also made to the participating senior executives.

The total number of share awards granted is based on the value per share of Hannover Rück SE. The value per share is established according to the unweighted arithmetic mean of the Xetra closing prices of the Hannover Re share. In the conditions applicable to members of the Executive Board a period of 15 trading days before to 15 trading days after the meeting of the Supervisory Board that approves the consolidated financial statement for the financial year just ended is envisaged for the calculation. For senior executives a period of 20 trading days before to ten trading days after the meeting of the Supervisory Board that approves the consolidated financial statement for the financial year just ended has been agreed. The prices calculated in this way also determine the payout value of the share awards that have become payable. The total number of share awards granted is established by dividing the amount available for the granting of share awards to the respective eligible recipients by the value per share, rounded up to the next full share. For members of the Executive Board 60% and for senior executives 40% or 35% – depending on management level – of the defined variable remuneration shall be granted in the form of share awards. Since the 2021 financial year the calculation of share awards for the Executive Board has been based on the target amount, which – depending on the entrepreneurial and personal target achievement – produces an allocation value that is at most 200% of the target amount.

The share awards are granted automatically without any requirement for a declaration. Following expiry of a vesting period of four years the value of one Hannover Re share calculated at the disbursement date is paid out for each share award. This value is calculated according to the provisions of the preceding paragraph. The amount paid out for the performance shares is additionally influenced by the development of the Total Shareholder Return (TSR). The TSR captures the share price performance as well as the dividends during the vesting period. The TSR of Hannover Re is considered in relation to the unweighted average TSR of a peer group, comprised of Munich Re, Swiss Re, Everest Re, RGA and SCOR, and produces the relative TSR. The base amount paid out derived from the share price and dividends is multiplied by this TSR, producing the final amount paid out – which is at most 200% of the base amount paid out.

The eligible recipient shall be paid an amount that corresponds to the sum total of the values of the share awards calculated at the disbursement date for which the vesting period of four years has expired. The amount is to be paid in the month after expiry of the determinative period for calculating the value per share according to the preceding paragraphs.

In addition, upon payment of the value of the share awards, a sum shall be paid out in the amount of the dividend insofar as dividends were distributed to shareholders. The amount of the dividend is the sum total of all dividends per share paid out during the term of the share awards multiplied by the number of share awards due for disbursement to the eligible recipient at the disbursement date. In the event of early disbursement of the share awards, the value of the dividends shall only be paid out for the period until occurrence of the event that triggers early disbursement. No pro rata allowance shall be made for dividends that have not yet been distributed.

In the event that the Board mandate or service relationship with the member of the Executive Board or the employment relationship with the manager ends, the eligible recipient shall retain his claims to payment of the value of already granted share awards after expiry of the applicable vesting period, unless such termination is based on resignation of office / voluntary termination on the part of the member of the Executive Board or voluntary termination on the part of the manager or dismissal by Hannover Re for a compelling reason. In the event of death the claims arising out of the already granted and / or still to be granted share awards pass to the heirs.

Any entitlement to the granting of share awards after leaving the company is excluded. This shall not apply with respect to claims to variable remuneration acquired (pro rata) in the last year of service of the eligible recipient in the event of exit from the company on account of non-reappointment, occurrence of the pensionable event or death.

The Share Award Plan of Hannover Rück SE gives rise to the amounts shown in the following table.

Share awards of Hannover Rück SE

									Allocation year
	2020		2021		2022		2023		2024
	Anticipated allocation	Final allocation 2021 for 2020	Anticipated allocation	Final allocation 2022 for 2021	Anticipated allocation	Final allocation 2023 for 2022	Anticipated allocation	Final allocation 2024 for 2023	Anticipated allocation
Valuation date									
Executive Board	30.12.2020	17.3.2021	30.12.2021	15.3.2022	30.12.2022	15.3.2023	11.12.2023	22.3.2024	10.12.2024
Senior Executives	30.12.2020	24.3.2021	30.12.2021	22.3.2022	30.12.2022	22.3.2023	11.12.2023	2.4.2024	10.12.2024
Valuation per share award in EUR									
Executive Board	130.30	150.42	167.15	148.86	185.50	176.66	220.40	242.71	253.70
Senior Executives	130.30	147.06	167.15	159.54	185.50	177.58	220.40	241.26	253.70
Number of allocated share awards in the allocation year									
Executive Board	9,214	7,851	25,130	27,977	27,658	29,705	31,306	29,531	35,479
Senior Executives	53,465	45,349	44,477	40,954	44,567	51,425	52,042	46,710	48,311
Other adjustments[1]		-3,707		-3,421		-3,165		-928	
Total	62,679	49,493	69,607	65,510	72,225	77,965	83,348	75,313	83,790

[1] This figure results from originally granted share awards that have since lapsed.

Development of the provision for share awards of Hannover Rück SE

in EUR million								Allocation year
	2018	2019	2020	2021	2022	2023	2024	Total
Provision at 31 December 2022	**12.1**	**7.8**	**6.2**	**5.6**	**3.0**	**—**	**—**	34.7
Allocation 2023	—	3.3	3.3	4.1	5.0	4.4	—	20.2
Utilisation 2023	11.8	—	—	—	—	—	—	11.8
Release 2023	0.3	0.2	0.2	0.1	0.1	—	—	0.9
Provision at 31 December 2023	**—**	**10.9**	**9.3**	**9.6**	**7.9**	**4.4**	**—**	**42.2**
Allocation 2024	—	1.4	4.3	5.9	6.3	5.8	7.3	31.0
Utilisation 2024	—	12.3	—	—	—	—	—	12.3
Release 2024	—	—	0.3	0.4	0.3	0.2	—	1.3
Provision at 31 December 2024	**—**	**—**	**13.3**	**15.1**	**13.9**	**10.0**	**7.3**	**59.6**

The aggregate provision – recognised under the sundry non-technical provisions – amounted to EUR 59.6 million (EUR 42.2 million) as at the balance sheet date.

The personnel expense for share awards in the case of members of the Executive Board is spread on an accrual basis across the relevant term of the share awards or the shorter term of the service contracts; in the case of senior executives the personnel expense is spread across the relevant term of the share awards. The allocation of the financial year recognised in the expenditures on personnel totalled altogether EUR 31.0 million (EUR 20.2 million). This consists of the expense for share awards of the 2024 financial year as well as the dividend claim and the additionally earned portion of the share awards granted in earlier financial years. The value of the share awards finally granted is also influenced by movements in the share price. The sum total of the dividends included in the expenditures on personnel for earlier financial years amounted to EUR 1.9 million (EUR 1.4 million). The distributed dividend is recognised, with no allowance made for expected dividend payments. Dividend claims are recognised in the discounted amounts.

In the year under review the 7,993 (7,882) share awards of the Executive Board finally allocated in 2019 with a value of EUR 245.19 (EUR 176.95) each plus the dividend entitlement of EUR 21.75 (EUR 21.00) were paid out to the eligible members of the Executive Board. The 38,692 (51,393) share awards of the senior executives for the 2019 financial year were paid out in 2024 with a value of EUR 241.26 (EUR 177.58) each plus the dividend entitlement of EUR 21.75 (EUR 21.00). The allocation to the provision for share awards granted in 2019 derives from the difference between the share price at the last balance sheet date, i.e. EUR 220.40, and the price for payment of the share awards from March 2024, i.e. EUR 245.19 / EUR 241.26.

With regard to the effects of the equity swaps taken out to hedge price risks, please see our explanatory remarks in section 9.1 “Derivative financial instruments and financial guarantees“.

9.4. Staff and expenditures on personnel

Staff

The average number of staff at the companies included in the consolidated financial statement of the Hannover Re Group during the reporting period was 3,840 (3,626). As at the balance sheet date altogether 3,895 (3,756) staff were employed by the Hannover Re Group, with 1,754 (1,644) employed in Germany and 2,141 (2,112) working for the consolidated Group companies abroad.

Personnel information

		Number of employees (excluding members of the Executive Board)
2023	31.12.	3,756
	Average	3,626
2024	31.3.	3,810
	30.6.	3,856
	30.9.	3,885
	31.12.	3,895
	Average	3,840

Expenditures on personnel

The expenditures on insurance business, claims expenses (claims settlement) and expenditures on the administration of investments include the following personnel expenditures:

Personnel expenditures

in EUR million	2023	2024
a) Wages and salaries	372.3	425.7
b) Social security contributions and expenditure on provisions and assistance	66.0	71.7
ba) Social security contributions	29.5	34.8
bb) Expenditures for pension provision	30.5	30.4
bc) Expenditures for assistance	6.0	6.4
Total	438.3	497.4

9.5. Earnings per share and dividend proposal

Calculation of the earnings per share

	2023	2024
Group net income in EUR million	1,824.8	2,328.7
Weighted average of issued shares	120,597,290	120,597,011
Basic earnings per share in EUR	15.13	19.31
Diluted earnings per share in EUR	15.13	19.31

The earnings per share is calculated by dividing the net income attributable to the shareholders of Hannover Rück SE by the weighted average number of shares outstanding within the period under review.

Neither in the year under review nor in the previous reporting period were there any dilutive effects. The weighted average of the issued shares was, as in the previous year, slightly lower than the value of the shares in circulation on the balance sheet date. In the context of the employee share option plan Hannover Re acquires treasury shares and sells them at a later date to eligible employees. The weighted average number of shares does not include 14,799 (18,714) treasury shares pro rata temporis for the duration of the holding period. For further details please see our comments in section 6.8 “Shareholders' equity and treasury shares”.

There were no other extraordinary components of income which should have been recognised or disclosed separately in the calculation of the earnings per share.

The earnings per share could potentially be diluted in future through the issue of shares or subscription rights from the authorised or conditional capital.

Dividend per share

A dividend of EUR 868.3 million (EUR 723.6 million) was paid in the year under review for the 2023 financial year.

It will be proposed to the Annual General Meeting on 7 May 2025 that a dividend of EUR 7.0 and a special dividend of EUR 2.0 per share should be paid for the 2024 financial year. This corresponds to a total distribution of EUR 1,085.4 million. The dividend proposal does not form part of this consolidated financial statement.

9.6. Lawsuits

Member companies of the Hannover Re Group are involved in judicial and supervisory procedures as well as in arbitration proceedings as part of the conduct of insurance and reinsurance business. Depending upon the subject matter of the procedure, the Hannover Re Group sets aside provisions for the amount in dispute in such proceedings – for the most part in the technical account and in exceptional cases as a charge to other income / expenses – if and to the extent that the resulting commitments are likely to materialise and their amount can be estimated with sufficient accuracy. The provision established in each case covers the expense that can be expected in our assessment as at the balance sheet date.

Neither the outcome nor the duration of pending procedures can be definitively foreseen at the time when provisions are established. The final liabilities of Hannover Re may diverge considerably from the constituted provisions because the assessment of probability and the quantification of these uncertain liabilities in large measure require estimates that may prove not to be accurate as the proceedings in question continue to progress. This is also true of procedures for which no provisions were established. Insofar as a commitment exists under such procedures as at the balance sheet date that may possibly but will probably not result in a loss, the Hannover Re Group estimates this potential loss – where practicable – and reports a contingent liability. For estimation purposes Hannover Re takes into account a number of factors. These include, among others, the nature of the claim, the status of the procedure concerned, decision of courts and arbitration bodies, prior settlement discussions, experience from comparable cases as well as expert opinions and the assessments of legal advisers and other experts. If a provision has been established for a particular procedure, a contingent liability is not recognised.

The other lawsuits concluded and still pending in the year under review and as at the balance sheet date were not material for the Hannover Re Group either individually or combined. Furthermore, there were no contingent liabilities from lawsuits to report as at the balance sheet date.

9.7. Contingent liabilities and commitments

As security for technical liabilities to our US clients, we have established two trust accounts (master trust and supplemental trust) in the United States. They amounted to EUR 4,520.1 million (EUR 4,188.5 million) and EUR 510.3 million (EUR 465.7 million) respectively as at the balance sheet date. The securities held in the trust accounts are shown as investments at fair value through OCI. In addition, we furnished further collateral to ceding companies in an amount of EUR 7,660.8 million (EUR 5,650.7 million) in the form of so-called “single trust funds”. This amount includes a sum equivalent to EUR 7,186.8 million (EUR 5,111.8 million) which was furnished by investors as security for potential reinsurance obligations from ILS transactions.

As part of our business activities we hold collateral available outside the United States in various blocked custody accounts and trust accounts, the total amount of which in relation to the Group’s major companies was EUR 3,530.9 million (EUR 3,351.0 million) as at the balance sheet date.

The securities held in the blocked custody accounts and trust accounts are recognised predominantly as investments at fair value through OCI.

Facility agreements for letters of credit (LoC) existed with a number of banks as at the balance sheet date in a total volume equivalent to EUR 3,204.7 million (EUR 3,177.4 million) and with various terms maturing at the latest in 2028.

Various financial institutions have furnished sureties as collateral for technical liabilities in the form of letters of credit. The total amount as at the balance sheet date was EUR 1,650.5 million (EUR 1,610.9 million).

A number of LoC lines include standard market contractual clauses that allow the banks rights of cancellation in the event of material changes in our shareholding structure or trigger a requirement on the part of Hannover Re to furnish collateral upon materialisation of major events, for example if our rating is significantly downgraded. Please see also our explanatory remarks in the **“Financial position and net assets”** subsection of the management report on the information pursuant to § 315a Para. 1 German Commercial Code (HGB).

We put up own investments with a book value of EUR 57.6 million (EUR 34.3 million) as collateral for existing derivative transactions. We received collateral with a fair value of EUR 43.7 million (EUR 58.4 million) for existing derivative transactions.

As security for liabilities in connection with participating interests in real estate companies and real estate transactions the usual collateral under such transactions has been furnished to various banks, the amount of which totalled EUR 1,128.7 million (EUR 1,210.4 million) as at the balance sheet date.

Outstanding capital commitments with respect to alternative investments exist on the part of the Group in an amount of EUR 2,628.0 million (EUR 1,465.3 million). These primarily involve as yet unfulfilled payment obligations from investment commitments given to private equity funds and venture capital firms.

Hannover Rück SE has provided an open-ended guarantee limited to GBP 10.0 million (equivalent to EUR 12.1 million) in favour of the pension fund “The Congregational & General Insurance Plc Pension and Life Assurance Scheme” of the defunct Congregational & General Insurance Plc, Bradford, UK, at usual market conditions.

Group companies are members of the association for the reinsurance of pharmaceutical risks and several atomic and nuclear pools. The failure of one of the other pool members to meet its liabilities would result in an additional call according to the quota participation.

The application of tax regulations may not have been resolved at the time when tax items are brought to account. The calculation of tax refund claims and tax liabilities is based on what we consider to be the regulations most likely to be applied in each case. The revenue authorities may, however, take a differing view, as a consequence of which additional tax liabilities could arise in the future.

Hannover Re enters into contingent liabilities as part of its normal business operations. A number of reinsurance treaties concluded by Group companies with outside third parties include letters of comfort, guarantees or novation agreements under which Hannover Rück SE guarantees the liabilities of the subsidiary in question or enters into the rights and obligations of the subsidiary under the treaties if particular constellations materialise.

9.8. Leases

Leased properties

Hannover Re leases various office premises, technical facilities, office equipment and vehicles. A long-term land lease agreement also exists in connection with investment property.

Leases were recognised in the following items of the balance sheet in the amounts stated below:

Leases in the balance sheet

in EUR million	2023	2024
Investment property	33.4	34.8
Own-use property	53.4	55.3
Fixtures, fittings and equipment	0.1	0.1
Sundry assets	0.6	1.9
Lease liabilities	100.8	106.6

The allocation to the right-of-use assets amounted to EUR 21.6 million (EUR 3.8 million) in the financial year. The following amounts were recognised in the statement of income in connection with leases:

Amortisation of right-of-use assets in connection with leases

in EUR million	2023	2024
Investment property	0.5	0.5
Own-use real estate	11.9	6.4
Sundry assets	0.8	1.1
Total	**13.1**	**8.0**

The interest expenses for lease liabilities totalled EUR 3.5 million (EUR 3.3 million). Expenses in connection with short-term leases were recognised in an amount of EUR 0.9 million (EUR 1.3 million). The total amounts payable for leases came to EUR 14.7 million (EUR 14.2 million).

Rented properties

Future minimum lease payments receivable

in EUR million	Amounts receivable
2025	174.7
2026	158.2
2027	138.9
2028	119.6
2029	92.6
Subsequent years	305.7

The rental payments receivable result from the long-term renting out of properties by the Group's real estate companies. The leases in question are operating leases. The rental income received in the financial year amounted to EUR 213.4 million (EUR 195.5 million).

9.9. Fee paid to the auditor

On the recommendation of the Supervisory Board, the Annual General Meeting selected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH) on 6 May 2024 as the statutory auditor of the annual financial statements. The expense recognised for the fees paid to PwC GmbH and worldwide member firms of PwC International Limited (PwC) in the year under review can be broken down as follows:

Fee paid to the auditor

in EUR million	2023		2024	
	PwC worldwide	thereof PwC GmbH	PwC worldwide	thereof PwC GmbH
Services relating to auditing of the financial statements [1]	13.9	4.0	18.6	7.3
Other assurance services	0.9	0.2	0.4	0.3
Other services	0.1	—	—	—
Total	**14.9**	**4.2**	**19.0**	**7.6**

[1] Of this, auditing services connected inter alia with initial application of IFRS 17 in an amount of EUR 3.1 million, which are reported in 2024, are allocable to the auditing of the 2023 financial statements,.

The fee for services relating to auditing of the financial statements performed by PwC GmbH includes above all the fees for auditing of the consolidated financial statements as well as for audits of annual financial statements and audits of the Solvency II balance sheets of the German subsidiaries included in the consolidated financial statements.

The fees for other assurance services relate to all other typical professional assurance services outside the auditing of annual financial statements. In the current financial year, for example, the auditor performed other assurance services in connection with the remuneration report and the combined non-financial statement.

The auditor responsible for performance of the audit engagement as defined by § 38 Para. 2 of the Professional Charter for Accountants / Certified Auditors (Berufssatzung WP / vBP) as amended on 21 June 2016 is Ms. Janna Reineke. She is serving as the engagement partner responsible for the audit of the annual and consolidated financial statements effective 31 December 2024.

9.10 Events after the balance sheet date

After the balance sheet date, wildfires occurred in the Los Angeles metropolitan area in California, United States, the extent of which cannot be quantified at the present time. Based on various scenario analyses and assuming an insured market loss of USD 30.0 to 40.0 billion, we anticipate a net large loss for Hannover Re in the order of around EUR 500 to EUR 700 million. In view of the complexity of the event, it is still too soon to make a more precise loss estimate.

Hannover, 10 March 2025

Executive Board

Henchoz   Althoff   Chèvre

Jungsthöfel   Magee   Ooi

Sehm   Steinmann

Independent Auditor’s Report

To Hannover Rück SE, Hannover

Report on the audit of the consolidated financial statements and of the group management report

Audit opinions

We have audited the consolidated financial statements of Hannover Rück SE, Hanover, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Hannover Rück SE for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and
– the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

(1) Measurement of investments using parameters not observable on the market and forward-looking information
(2) Measurement of certain liabilities from insurance contracts

Our presentation of these key audit matters has been structured in each case as follows:

(a) Matter and issue
(b) Audit approach and findings
(c) Reference to further information

Hereinafter we present the key audit matters:

(1) Measurement of investments using parameters not observable on the market and forward-looking information

(1) Investments of € 65,888.2 million (91.3 % of the consolidated total assets) are reported in the consolidated financial statements.

Of these investments, financial assets totalling € 63,163.9 million are measured at fair value, of which in turn fair values of € 6,033.5 million are calculated using valuation models or based on third-party value indicators. These investments in particular relate to unlisted securities, asset backed securities, other structured and illiquid bonds and investments in private equity.

Of the investments reported in the consolidated financial statements, financial assets in the amount of € 56,140.0 million are measured at fair value through other comprehensive income. These are attributable in full to debt instruments for which a risk provision totalling € 140.6 million was recognised as at the reporting date to take account of impairments for expected credit losses in accordance with the requirements of IFRS 9 (Expected Credit Loss).

The measurement of investments whose fair value must be determined using valuation models or value indicators from third parties is subject to uncertainty, as input parameters that are not observable in an active market are used for the measurement or comparative values are not always available and therefore estimated values are also used. Forward-looking macroeconomic forecasts are also included in the model valuation to take account of impairments for expected credit losses.

Model-measured investments are subject to an increased measurement risk due to the reduced objectivity and the underlying judgements, estimates and assumptions made by the executive directors. As the estimates and assumptions used, in particular those relating to interest rates and cash flows, and the valuation methods applied may have a material impact on the valuation of these investments and on the Group's assets, liabilities and financial performance, and extensive disclosures on valuation methods and judgements are also required in the notes, this matter was of particular significance in the context of our audit.

(2) As part of our audit, we assessed the appropriateness and effectiveness of the controls for the valuation of model-measured investments and investments measured on the basis of third-party indicators. In addition, we assessed, among other things, the integrity of the underlying data and the process for determining the assumptions, estimates and forward-looking information used in the valuation.

With the support of our internal valuation specialists, we also assessed the appropriateness of the methods applied by the executive directors to determine the fair values and the parameters used. We compared the methods and assumptions used to calculate valuation adjustments in the financial year with recognised practices and industry standards and examined the extent to which they are suitable for proper accounting. To assess the inclusion of forward-looking information in the model-based calculation of impairment for expected credit losses, we involved internal specialists with particular expertise in the field of credit risk modelling. We also evaluated the disclosures on valuation methods and judgements contained in the notes to the consolidated financial statements.

On the basis of the audit procedures performed, we were able to satisfy ourselves that the methods and assumptions used by the executive directors to measure certain investments (modelled and measured based on third-party indicators) and the consideration of forward-looking information in determining the impairment for expected credit losses are appropriate overall and that the explanations and disclosures presented in the notes to the consolidated financial statements are appropriate.

(3) The Group's disclosures on the measurement of investments are contained in Notes 6.1 to the consolidated financial statements.

(2) Measurement of certain liabilities from insurance contracts

(1) In the consolidated financial statements, liabilities amounting to € 48,917.6 million (67.8 % of the consolidated total assets) are reported under the balance sheet item "liabilities from reinsurance contracts issued". Of the "liabilities from reinsurance contracts issued", € 50,486.9 million is attributable to the "Liability for incurred claims", which recognises the expectations regarding insurance claims that have been incurred but not yet settled, and € -1,569.3 million to the "liability for remaining coverage".

The liability for incurred claims represent the Group's expectation of future payments for known and unknown claims and benefits as well as the associated expenses. The Group uses various methods to estimate these obligations. In addition, the measurement of this liability requires a high degree of judgement by the executive directors of the Group regarding the assumptions to be made, such as the impact of changing inflation rates, loss developments and regulatory changes. In addition, there is a significant judgement of the executive directors regarding the determination of the discount rate for calculatingthe liability. In particular, product lines with a low claims frequency, high individual claims or long claims settlement periods are usually subject to increased estimation uncertainties.

The liability for remaining coverage represent the present value of the future cash flows estimated by the Group. The measurement is based on complex actuarial methods (hereinafter referred to as the "measurement methods") on the basis of comprehensive processes for determining assumptions about future developments of the insurance portfolios to be valued. Within the measurement of the liabilities, the present values of the estimated future cash flows in particular are affected by possible material uncertainties. This uncertainty stems in particular from the risk of chance, change and error associated with the estimation of the present value of cash flows and the methods and financial and non-financial assumptions used for this purpose. In particular, the assumptions in connection with interest rates, investment income, mortality, disability, longevity, costs and policyholder behaviour have a significant impact on the measurement.

The general measurement model (GMM) is used to measure liabilities from insurance contracts.

Against this background and due to the complexity of determining the underlying assumptions and estimates made by the executive directors, the measurement of these liabilities was of particular significance in the context of our audit.

(2) As part of our audit, we assessed the appropriateness of selected controls of the Group for selecting the valuation methods applied as well as for determining assumptions and making estimates for the measurement of certain liabilities from insurance contracts issued.

With the involvement of our internal valuation specialists, we have compared the valuation methods and key assumptions with generally recognised actuarial methods and industry standards and examined to what extent these are suitable for measuring the liabilities.

Our audit also included an evaluation of the appropriateness and integrity of the data and assumptions, including the assessment of the executive directors regarding the impact of changing inflation rates, used in the valuation and a reconstruction of the claims settlement process. Furthermore, we recalculated the amount of the liability for selected lines of product, in particular lines of product with large liability amounts or increased estimation uncertainties. For these lines of product, we compared the amounts calculated by us with the values determined by the Group for the liabilites and evaluated any differences. We also examined whether any adjustments to estimates in the loss reserves were adequately documented and substantiated. A further focus was the assessment of the cash flows used by the IT systems used as well as the appropriate derivation and use of assumptions for the measurement of selected liabilities.

Based on our audit procedures, we were able to satisfy ourselves that the methods, estimates and assumptions used by the executive directors are appropriate overall for measuring the technical liabilities in property and casualty insurance.

(3) The company's disclosures on the measurement of certain liabilities from insurance contracts in property, casualty and life insurance are contained in Notes 6.4 to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Enterprise management" of the group management report
- the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in section "Combined non-financial information statement" of the group management report
- the disclosures contained in the section "Risikobericht" in the management report and marked as unaudited

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file HannoverRueckSE_KA_KLB_2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 6 May 2024. We were engaged by the supervisory board on 17 July 2024. We have been the group auditor of the Hannover Rück SE, Hanover, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter - use of the Auditor’s Report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Janna Reineke.

Hannover, 11 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Martin Eibl Wirtschaftsprüfer	sgd. Janna Reineke Wirtschaftsprüferin
(German Public auditor)	(German Public auditor)

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Non-Financial Statement included in the Group Management Report

To Hannover Rück SE, Hannover

Assurance Conclusion

We have conducted a limited assurance engagement on the combined non-financial statement of Hannover Rück SE, Hannover, (hereinafter the "Company") included in section "Combined non-financial statement" of the group management report, which is combined with the Company's management report, to comply with §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB including the disclosures contained in this combined non-financial statement to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the "Combined Non-Financial Reporting") for the financial year from 1 January to 31 December 2024.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Combined Non-Financial Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Reporting" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter - Principles for the Preparation of the Combined Non-Financial Reporting

Without modifying our assurance conclusion, we refer to the disclosures in the Combined Non-Financial Reporting, which describe the principles for the preparation of the Combined Non-Financial Reporting. According to these, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in section "Basis for preparation" of the Combined Non-Financial Reporting.

Responsibility of the Executive Directors and the Supervisory Board for the Combined Non-Financial Reporting

The executive directors are responsible for the preparation of the Combined Non-Financial Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Combined Non-Financial Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Combined Non-Financial Reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the process performed by the Company to identify the disclosures to be included in the Combined Non-Financial Reporting (hereinafter the "materiality assessment"), selecting and applying appropriate reporting policies for preparing the Combined Non-Financial Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Non-Financial Reporting.

Inherent Limitations in the Preparation of the Combined Non-Financial Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in section "Basis for preparation" and "Strategy and Business Model" of the Combined Non-Financial Reporting. The executive directors are responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Combined Non-Financial Reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Non-Financial Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Combined Non-Financial Reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Combined Non-Financial Reporting, including the materiality assessment process carried out by the Company to identify the information to be included in the Combined Non-Financial Reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Non-Financial Reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Non-Financial Reporting about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Combined Non-Financial Reporting, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Non-Financial Reporting.
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Combined Non-Financial Reporting.
- performed site visits.
- considered the presentation of the information in the Combined Non-Financial Reporting.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-Financial Reporting.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Hannover, 11 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Janna Reineke Wirtschaftsprüferin [German public auditor]	sgd. Kristina Stiefel Wirtschaftsprüferin [German public auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hannover, 10 March 2025

Executive Board

Henchoz Althoff Chèvre

Jungsthöfel Magee Ooi

Sehm Steinmann

Supervisory Board

Report of the Supervisory Board of Hannover Rück SE

In the 2024 financial year the Supervisory Board again fulfilled its tasks and duties in accordance with the law, the Statute and its Rules of Procedure. The Supervisory Board monitored the management of business based on regular written and verbal reporting by the Executive Board.
The Executive Board informed the Supervisory Board in a regular, timely and comprehensive manner about all matters relevant to the company, especially concerning the strategy, planning, business development, risk position, risk management and compliance. The Chairman of the Supervisory Board also stayed in touch with the Chief Executive Officer between meetings to discuss with him issues relating to the company's strategy, business development, risk position, risk management and compliance. The Chairwoman of the Finance and Audit Committee additionally engaged in a regular dialogue with the Chief Financial Officer and the independent auditor on matters of accounting, auditing and the internal control system. The full Supervisory Board was also informed in writing of important events outside the meetings.

The Supervisory Board held four regular meetings and one constitutive meeting in person during the 2024 financial year. At all regular meetings the Executive Board reported on the course of business and elaborated on individual business areas as well as divergences from the planning. In this context, the annual and consolidated financial statements with the audit reports of the independent auditor as well as the half-yearly financial report and the quarterly statements were a core source of information for the Supervisory Board. In addition, the capital adequacy and risk position were discussed with the Executive Board at every meeting. The Supervisory Board regularly communicated about personnel matters on the level of the Executive Board and on issues relating to the internal organisation of the Supervisory Board, including without the presence of the Executive Board.

The meetings of the Supervisory Board and its committees held in 2024 were attended in person by all respective members. Two representatives of the Federal Financial Supervisory Authority took part in one meeting of the Supervisory Board on a routine basis. The individual participation in meetings of the Supervisory Board is shown in the following table. All members of the Supervisory Board also attended the constitutive meeting in person.

	Participation rate	
	Number of meetings	in %
Participation in full meetings of the Supervisory Board		
Torsten Leue (Chairman)	4/4	100
Herbert K. Haas (Deputy Chairman)	4/4	100
Natalie Bani Ardalan/from 6 May Sibylle Kempff	4/4	100
Frauke Heitmüller/from 6 May Timo Kaufmann	4/4	100
Ilka Hundeshagen	4/4	100
Dr. Ursula Lipowsky	4/4	100
Dr. Michael Ollmann	4/4	100
Dr. Andrea Pollak/from 6 May Dr. Alena Kouba	4/4	100
Dr. Erhard Schipporeit/from 6 May Harald Kayser	4/4	100
Participation in meetings of the Finance and Audit Committee		
Dr. Ursula Lipowsky (Chairwoman)	4/4	100
Herbert K. Haas	4/4	100
Torsten Leue	4/4	100
Participation in meetings of the Standing Committee		
Torsten Leue (Chairman)	4/4	100
Herbert K. Haas	4/4	100
Dr. Erhard Schipporeit/from 6 May Dr. Ollmann	4/4	100
Ilka Hundeshagen/additional member since August 2024	1/1	100

Key points of deliberation in the full meetings of the Supervisory Board

In 2024 the Supervisory Board regularly discussed geopolitical developments, climate change and societal challenges with the Executive Board. The company's resilience and its future-readiness were at the heart of these discussions.The Supervisory Board also gave intense consideration in 2024 to the succession planning for Mr. Henchoz and Mr. Jungsthöfel as well as for Dr. Pickel and Dr. Miller.

At its meeting on 15 March 2024 the Supervisory Board discussed and approved the audited annual and consolidated financial statements as well as the Executive Board's proposal for the appropriation of the disposable profit for the 2023 financial year. In this regard, as in the previous year, the Executive Board described all key performance indicators from the technical and non-technical accounts as well as key data on the investment side. The independent auditor presented the results of the audit and confirmed that an unqualified audit certificate had been issued for the individual and consolidated financial statements. In addition, the Supervisory Board examined and approved the combined non-financial statement. The report by the Executive Board on relations with affiliated companies was duly noted and approved by the Supervisory Board. The report of the Supervisory Board for 2023 was similarly adopted.

The Executive Board also reported on the course of business to date and discussed with the Supervisory Board the outlook for the current financial year. Furthermore, the Executive Board informed the Supervisory Board about the property and casualty reinsurance renewals as at 1 January 2024. A further point of emphasis in the meeting was the annual reporting on risk management, compliance and internal auditing. The respective key function holders attended the meeting in person and were available to take questions. The IT strategy was also explored with the Executive Board. The Supervisory Board additionally adopted a resolution on the updating of the investment guidelines, in which regard no significant change to the general investment strategy had been proposed. The Supervisory Board similarly updated the internal policy regarding professional and personal requirements for members of the Executive Board and Supervisory Board as well as key function holders. Furthermore, the variable remuneration of the members of the Executive Board was defined on the basis of the findings with respect to attainment of the respective individual targets for the 2023 financial year.

The Supervisory Board also considered the agenda and the proposed resolutions for the General Meeting on 6 May 2024 and approved holding it as a virtual General Meeting. The report on the remuneration of the Executive Board was to be presented to the General Meeting for approval of its content in accordance with § 120 a Para. 4 Stock Corporation Act (AktG). Details of the remuneration system can be found in the declaration on corporate governance and the 2024 remuneration report. The Supervisory Board further proposed to the General Meeting – at the recommendation of the Finance and Audit Committee – that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hannover, should be appointed as the auditor of the financial statements.

The adoption of a resolution on the election of new members of the Supervisory Board was also on the agenda for the General Meeting. The term of office of the existing Supervisory Board of Hannover Rück SE ended in accordance with § 10 Para. 3 of the Statute upon conclusion of the General Meeting on 6 May 2024. Pursuant to Art. 40 Para. 2, Para. 3 of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (SE Regulation), § 17 of the SE Implementation Act (SEAG), § 21 Para. 3 of the SE Participation Act (SEBG), Part III of the Agreement on the Participation of Employees in Hannover Rück SE of 23 January 2013 (SE Agreement) and § 10 Para. 1 of the Statute of Hannover Rück SE, the Supervisory Board is composed of nine members, six of whom are shareholder representatives and three of whom are employee representatives.

In accordance with the provisions of the SE Participation Act (SEBG), the employee representatives are elected by the responsible representative body (currently the joint Employee Council of Hannover Rück SE and E+S Rückversicherung AG). The appointment of employee representatives takes immediate effect upon election by the responsible representative body (§ 10 Para. 1 of the Statute, Part III § 14 Para. 3 of the SE Agreement). The shareholder representatives on the Supervisory Board are elected by the General Meeting. It was therefore necessary for the General Meeting to elect new shareholder representatives on the Supervisory Board.
In accordance with § 10 Para. 3 of the Statute, the members of the Supervisory Board are normally appointed by the General Meeting for a period until conclusion of the General Meeting that ratifies the acts of management for the fourth financial year after commencement of the term of office, with the financial year in which the term of office begins not being counted, although this period shall not exceed at most six years.
The General Meeting may decide on a shorter term of office upon election. With a view to already adequately reflecting at the time of the election the specifications regarding targets for the composition of the Supervisory Board, especially in terms of age limit and length of membership, and in order to be able to respond flexibly to changing competency requirements, the term of office proposed for the candidates spanned a term of four years rather than the previously customary five years.

The Supervisory Board proposed to the General Meeting that the following persons should be elected to the company's Supervisory Board as shareholder representatives with effect from the conclusion of the General Meeting on 6 May 2024 for the period until conclusion of the General Meeting that ratifies the acts of management for the 2027 financial year, although at most for a period not to exceed six years:

a) Herbert K. Haas, Burgwedel, Chairman of the Supervisory Board of HDI Haftpflichtverband der Deutschen Industrie V.a.G. and of Talanx AG
b) Harald Kayser, Hannover, independent management consultant
c) Dr. Alena Kouba, Zurich, Switzerland, independent management consultant
d) Torsten Leue, Hannover, Chief Executive Officer of HDI Haftpflichtverband der Deutschen Industrie V.a.G. and of Talanx AG
e) Dr. Ursula Lipowsky, Munich, member of various supervisory boards
f) Dr. Michael Ollmann, Hamburg, member of various supervisory boards

The Supervisory Board's nominations are guided by the recommendations of the Supervisory Board's Nomination Committee and reflect statutory requirements, the targets agreed upon by the Supervisory Board for its composition as well as the competency profile developed by the Supervisory Board for the body as whole. The targets and the competency profile – including the status of implementation – are published in the **declaration on corporate governance** in this report. The Supervisory Board reached the assessment that the candidates Mr. Harald Kayser, Dr. Alena Kouba, Dr. Ursula Lipowsky and Dr. Michael Ollmann, who were proposed by the Supervisory Board at the General Meeting on 6 May 2024 for election to the Supervisory Board, are each to be considered independent in accordance with Recommendation C.6 of the German Corporate Governance Code as amended on 28 April 2022. A Supervisory Board member shall be considered independent within the meaning of this recommendation if they are independent of the company and its Management Board and independent of any controlling shareholder. Nor do any of the criteria restricting independence specified in Recommendation C.7 of the German Corporate Governance Code apply to any of the aforementioned candidates.

Subsequent to the General Meeting on 6 May 2024, at which the shareholder representatives were elected as nominated, the Supervisory Board came together for a constitutive meeting. The new employee representatives elected by the workforce, Ms. Sibylle Kempff, Ms. Ilka Hundeshagen (re-elected) and Mr. Timo Kaufmann, also participated for the first time. During the meeting, the Supervisory Board elected from among its own ranks the Chairman and Deputy Chairman as well as the members of the Finance and Audit Committee, the Standing Committee and the Nomination Committee. Special emphasis was placed on maintaining the necessary expertise, experience and independence in the committees.

According to the results of the self-assessment, the Supervisory Board as a whole has the expertise, skills and experience required to supervise the Executive Board. In the 2024 financial year, as in previous years, the members of the Supervisory Board undertook the (further) training needed for their tasks at their own responsibility and took part in training activities. In addition, an external onboarding programme was provided for the Supervisory Board, with topics covering ESG, rights and duties of the Supervisory Board, regulatory environment, expertise in auditing financial statements and DORA (Digital Operational Resilience Act). The costs of further training measures are paid by the company.

At the meeting held on 13 May 2024, the Executive Board reported on the first quarter of 2024. The quality and adequacy of the loss reserves in property and casualty reinsurance were also considered in detail. Both internal and external experts participated in the meeting for this purpose. In addition to the outlook for the current financial year, which continued to be shaped by geopolitical developments and the impacts of weather events, the examination of the Own Risk and Solvency Assessment (ORSA) report on the previous year, the Regular Supervisory Reports (RSR) and the capitalisation under Solvency II constituted further key points of deliberation. The Supervisory Board also took note of the audit report on the Solvency II balance sheet. In addition, major participating interests of the company were considered at the meeting. Furthermore, senior executives from the department Group Risk Management provided instruction in the internal model and the internal control system. The self-assessment of the Supervisory Board and the skills matrix were discussed and updated.

On 9 August 2024, the Executive Board reported on the first half of 2024, describing as usual key performance indicators from the underwriting and non-underwriting side and outlining the progress made in attaining the strategic targets. The Chief Risk Officer also reported on the company's risk position. Furthermore, an account of related party transactions was routinely provided. It was concluded that there were no transactions in the reporting period that fall under the legal requirements governing mandatory approval (§ 111b Stock Corporation Act (AktG)) or compulsory disclosure (§ 111c Stock Corporation Act (AktG)). An external training session on DORA was conducted as part of the meeting.

At the last meeting of the year held on 8 November 2024, the Executive Board first reported on the results of the third quarter and the outlook for the current financial year. In addition, the Executive Board presented the operational planning for 2025 and the medium-term planning, each of which was approved by the Supervisory Board. Further points of emphasis for the meeting were the CSRD and DORA implementation projects as well as a report on the development of business in Asia. The Chief Risk Officer reported again on the risk position. The Executive Board further informed the Supervisory Board about the status of major pending legal proceedings and the design of the remuneration system for senior executives.

After preparation by the Standing Committee, the Supervisory Board considered the adequacy of the remuneration system for the Executive Board. The strategic target return and goals for 2025 were defined. Furthermore, the Supervisory Board approved updates to the **Rules of Procedure of the Executive Board↗**. These can now be viewed on the company's website. The Supervisory Board also approved the **Declaration of Conformity↗** pursuant to § 161 Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code.

Committees of the Supervisory Board

In order to perform its tasks efficiently and effectively, the Supervisory Board has formed committees that prepare or in some instances even assume responsibility for deliberations on or the adoption of resolutions by the Supervisory Board. The committee chairperson reports regularly to the Supervisory Board on the committee's activities. The general advisory and supervisory duties of the Supervisory Board remain unchanged. When the committees are engaged in work to prepare resolutions, care is taken to ensure that the Supervisory Board can discuss and decide on the proposed resolution with the required diligence.

The **Nomination Committee** is tasked with proposing to the Supervisory Board suitable candidates for election to the Supervisory Board that it can put forward to the General Meeting. The committee did not meet in 2024 because the selection of candidates for election to the Supervisory Board had already been completed.

The **Finance and Audit Committee** met four times in the financial year. All committee members attended all meetings of the Finance and Audit Committee in person. The composition of the committee remained unchanged after the General Meeting on 6 May 2024. This year, the committee again dealt with the oversight of the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system and the auditing of the financial statements, in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor. The committee determined the audit concentrations for the auditing of the financial statements of the year under review and deliberated at length on the audit plan and the audit approach for the auditing of the financial statements. It discussed the assessment of the audit risk and the resulting scope of the audit with the auditors and maintained a dialogue with the auditors, including without the involvement of the Executive Board.

Among other things, the Finance and Audit Committee gave preparatory consideration to the consolidated financial statements in accordance with IFRS and the combined non-financial statement, and engaged with the auditors over their reports. As in previous years, an expert opinion on the adequacy of the loss reserves in property and casualty reinsurance was noted, the retrocession structure of the Hannover Re Group as well as the reports of the key functions were received and considered. The Executive Board also reported on capital adequacy in accordance with Solvency II. Capital planning and possible capital measures were also discussed by the committee on a preparatory basis. The current status of sustainability reporting was presented and explored at one meeting. While strategic sustainability issues and planning topics continue to be discussed by the Supervisory Board, the focus of the Finance and Audit Committee in matters of sustainability is again on audit-related considerations and topics relating to the internal control system.

The committee again opted for an external review of the combined non-financial statement and placed the mandate for this review with PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. In the context of monitoring execution of the strategy, the Finance and Audit Committee focused particularly on the key financial metrics.

At each meeting the Chief Risk Officer gave an account of the latest developments in risk management and answered questions about the risk report. The committee was able to discuss special topics with him, such as climate change and geopolitical developments. In addition, the committee regularly engaged with the latest developments in the run-off of losses and exchanged views with the Executive Board and the Actuarial Function Holder on reserving in life and health reinsurance. In the year under review, the committee also looked at financial solutions business in the United States.

The **Standing Committee** met four times in person in the year under review. In August 2024 the Supervisory Board resolved to expand the committee through the addition of one further member. Ms. Ilka Hundeshagen was elected to the committee as an additional member. All committee members were physically present at all meetings. As in previous years, the Standing Committee reviewed the adequacy of the remuneration system for the members of the Executive Board, determined the variable remuneration of the members of the Executive Board for the 2024 financial year based on the findings pertaining to attainment of their respective targets and reviewed the remuneration of the members of Executive Board, among other things. The committee drew up corresponding recommendations for the Supervisory Board with regard to all these matters. In connection with succession arrangements for Mr. Henchoz, Mr. Jungsthöfel (as CFO), Dr. Pickel and Dr. Miller, the committee assumed a preparatory role for the selection of new members of the Executive Board. Furthermore, the individual targets of the members of the Executive Board for 2025 were defined and presented for adoption of a resolution by the Supervisory Board. Adjustments to the system of remuneration for the Executive Board were also discussed and approved. The medium- and long-term succession planning for the Executive Board was also considered. Regular review and updating of the succession planning ensures that it reflects the company's current goals and any personnel changes.

Audit of the annual financial statements and consolidated financial statements

The accounting, annual financial statements, consolidated financial statements and the combined management report were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The auditor was chosen by the General Meeting following the recommendation of the Supervisory Board; the Chairman of the Supervisory Board awarded the audit mandate. The auditor's independence declaration was received. The audit concentrations defined by the European Securities and Markets Authority and the Federal Financial Supervisory Authority were commissioned. The mandate for the review report by the independent auditors on the Half-yearly Financial Report and the audit of the Solvency II balance sheet was also awarded again. The special requirements associated with the international aspects of the audits were met without reservation. Since the audits did not give rise to any objections, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft issued unqualified audit certificates. It was also determined that the annual financial statement contains the information pursuant to § 289f German Commercial Code (HGB). The Finance and Audit Committee discussed the financial statements and the combined management report with the participation of the auditors and in light of the audit reports, and it informed the Supervisory Board of the outcome of its reviews. The audit reports were distributed to all the members of the Supervisory Board and explored in detail – with the participation of the auditors – at the Supervisory Board meeting held in March 2025 to consider the annual results. The auditors will also be present at the Annual General Meeting in 2025, at which the financial statements will be presented.

The report on the company's relations with affiliated companies drawn up by the Executive Board has likewise been examined by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and given the following unqualified audit certificate:

"Having audited the report in accordance with our professional duties, we confirm that

1. the factual details of the report are correct,
2. in the case of the transactions detailed in the report, the expenditure of the company was not unreasonably high.

We have examined

a. the annual financial statements of the company, the financial statements of the Hannover Re Group and the combined management report prepared by the Executive Board for the company and the Group, and
b. the report of the Executive Board pursuant to § 312 Stock Corporation Act (AktG) (Report on relations with affiliated companies)

– in each case drawn up as at 31 December 2023 – and have no objections in this regard; nor do we have any objections to the statement made by the Executive Board at the end of the report on relations with affiliated companies.

The Supervisory Board concurred with the opinions of the auditors and approved the annual financial statements and the consolidated financial statements; the annual financial statements are thereby adopted. Our proposal regarding the appropriation of the disposable profit for 2024 is in accordance with that of the Executive Board.

We considered the report by the Executive Board on non-financial matters (cf. section "Combined non-financial statement" contained in the combined management report in this report) and examined it. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft also reviewed the statement with limited assurance in accordance with the audit standard ISAE 3000 (Revised) (see here the "Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Non-Financial Statement included in the Group Management Report")."

Changes on the Supervisory Board and the Executive Board

Changes were made in the composition of the Supervisory Board and its committees as well as in the composition of the Executive Board in the year under review. At the Annual General Meeting on 6 May 2024 the following persons were elected as representatives of the company's shareholders:

- Herbert K. Haas
- Torsten Leue
- Dr. Ursula Lipowsky
- Dr. Michael Ollmann
- Dr. Alena Kouba
- Harald Kayser

Dr. Pollak and Dr. Schipporeit left the Supervisory Board. Furthermore, in accordance with the provisions of the SE Participation Act (SEBG), the following employee representatives were elected to the Supervisory Board with effect from the conclusion of the Annual General Meeting on 6 May 2024:

- Sibylle Kempff
- Timo Kaufmann
- Ilka Hundeshagen

Ms. Natalie Ardalan and Ms. Frauke Heitmüller stepped down from the board. The Supervisory Board expresses its sincere thanks for the good cooperation and their conscientious fulfilment of the board's functions in the past years.

Effective 1 September 2024, Mr. Thorsten Steinmann was appointed to the Executive Board. On 1 January 2025 he succeeds Dr. Michael Pickel, who left the Executive Board on 31 December 2024 after 25 successful years with Hannover Re. In addition, Dr. Klaus Miller left Hannover Re's Executive Board on 31 December 2024. The Supervisory Board appointed Ms. Brona Magee as a new member of Hannover Re's Executive Board with effect from 1 January 2025.

The Supervisory Board appointed Mr. Clemens Jungsthöfel to succeed Mr. Jean-Jacques Henchoz, who is leaving Hannover Re's Executive Board effective 31 March 2025, as Chief Executive Officer with effect from 1 April 2025. Mr. Henchoz did not renew his contract, which expires on this date, at his own request. Dr. Christian Hermelingmeier has been appointed to succeed Mr. Jungsthöfel in the role of Chief Financial Officer of the company effective 1 April 2025.

Word of thanks to the Executive Board and members of staff

Thanks to the extraordinary performance and prudent management of the Executive Board in this and past years and despite the challenges of the 2024 financial year, Hannover Rück SE generated another good result. A great debt of gratitude is owed here in particular to the employees of the company and the Group for their dedication and their considerable flexibility.

The Supervisory Board would like to express its recognition and special appreciation to the Executive Board and the employees for their efforts.

Hannover, 12 March 2025

For the Supervisory Board

Torsten Leue
Chairman of the Supervisory Board of Hannover Rück SE

Supervisory Board of Hannover Rück SE

Torsten Leue [1, 2, 3]
Hannover, Germany
(since 7 May 2018) [4]
Chairman
Chief Executive Officer HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, Germany
Chief Executive Officer Talanx AG, Hannover, Germany [5, 6]
Chairman of the Supervisory Board E+S Rückversicherung AG, Hannover, Germany [5]
Chairman of the Supervisory Board HDI AG, Hannover, Germany [5]
Chairman of the Supervisory Board HDI Deutschland AG, Hannover, Germany [5]
Chairman of the Supervisory Board HDI Global SE, Hannover, Germany [5]
Chairman of the Supervisory Board HDI International AG, Hannover, Germany [5]
Member of the Advisory Board Commerzbank AG, Frankfurt am Main, Germany [6, 7]

Herbert K. Haas [1, 2, 3]
Burgwedel, Germany
(since 24 May 2002) [4]
Deputy Chairman
Member of various supervisory boards
Chairman of the Supervisory Board HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, Germany [5]
Chairman of the Supervisory Board Talanx AG, Hannover, Germany [5, 6]

Sibylle Kempff [8]
Hannover, Germany
(since 6 May 2024) [4]
Employee

Timo Kaufmann [8]
Hannover, Germany
(since 6 May 2024) [4]
Employee

Ilka Hundeshagen [8]
Hannover, Germany
(since 8 May 2019) [4]
Employee

Dr. Ursula Lipowsky [2]
Munich, Germany
(since 7 May 2018) [4]
Member of various supervisory boards
Member of the Supervisory Board Mecklenburgische Krankenversicherungs-AG, Hannover, Germany
Member of the Supervisory Board Mecklenburgische Lebenversicherungs-AG, Hannover, Germany
Member of the Supervisory Board Württembergische Lebensversicherungs-AG, Kornwestheim, Germany

Dr. Michael Ollmann
Hamburg
(since 8 May 2019) [4]
Member of various supervisory boards
Member of the Supervisory Board HDI Global SE, Hannover, Germany [5]
Member of the Supervisory Board HDI International AG, Hannover, Germany [5]

Harald Kayser
Hannover, Germany
(since 6 May 2024) [4]
Independent management consultant

Dr. Alena Kouba
Zurich, Switzerland
(since 6 May 2024)
Independent management consultant

At the end of the Annual General Meeting on 6 May 2024, the following persons left the Supervisory Board:

Natalie Bani Ardalan [8]
Springe, Germany
(since 8 May 2019) [4]
Employee

Frauke Heitmüller [8]
Hannover
(since 3 May 2012) [4]
Employee

Dr. Andrea Pollak [3]
Vienna, Austria
(since 3 May 2011) [4]
Independent management consultant
Deputy Chairwoman of the Supervisory Board Fronius International GmbH, Pettenbach, Austria [7]

Dr. Erhard Schipporeit [1]
Hannover, Germany
(since 3 May 2007) [4]
Member of various supervisory boards

[1] Member of the Standing Committee
[2] Member of the Finance and Audit Committee
[3] Member of the Nomination Committee
[4] Date when member was first appointed/elected to the company's Supervisory Board. Current term of office for the entire Supervisory Board commenced at the end of the Annual General Meeting on 6 May 2024
[5] Seat held on a Group body
[6] Listed company
[7] Membership of comparable supervisory bodies at other companies in Germany and abroad
[8] Staff representative

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Further links

Locations
Hannover Re - Our offices↗

Glossary
Hannover Re - Glossary↗

Strategy
Hannover Re - Group strategy at a glance↗

Remuneration report
Hannover Re - Remuneration report and system↗

For reasons of sustainability Hannover Re does not print or mail out the annual and interim reports. The present Group Annual Report of Hannover Re can be accessed online in English and German as an HTML version and downloaded in PDF format:

www.hannover-re.com

The Annual Report of Hannover Rück SE is also available here in English and German.

Rounding differences

Amounts and values in this report are rounded in accordance with standard commercial practice and sometimes presented in thousands, millions or billions. These roundings may result in minor differences, particularly if individual rounded values are added, subtracted or considered in relation to other values. We always base our calculations on non-rounded values.

Financial calendar 2025/2026

13 March 2025
Publication of the annual financial statements 2024
Annual Results Press Conference

7 May 2025
Annual General Meeting

13 May 2025
Quarterly statement as at 31 March 2025

12 August 2025
Half-yearly financial report 2025

9 October 2025
Investors' Day 2025

10 November 2025
Quarterly statement as at 30 September 2025

5 February 2026
Renewals 2026

12 March 2026
Publication of the annual financial statements 2025
Annual Results Press Conference

6 May 2026
Annual General Meeting

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