

Swiss Re is committed to a compensation framework that is balanced and performance-oriented and that aligns the interests of employees and shareholders.

Report from the Compensation Committee



C. Robert Henrikson

Chairman of the Compensation Committee

“During the past year, the Compensation Committee continued to monitor the alignment of Swiss Re’s compensation framework with shareholders’ interests and with our long-term business and risk strategy.”

Dear shareholders,

I am pleased to share with you Swiss Re’s Compensation Report for the financial year ended 31 December 2017, which has been prepared in accordance with applicable laws, rules and regulations.

Swiss Re’s vision “we make the world more resilient” is supported by our mission – to create smarter solutions for our clients through new perspectives, knowledge and capital. The combination of these strengths makes Swiss Re a partner of choice for our clients. At the same time Swiss Re wants to be an employer of choice for our employees. Its compensation framework is therefore designed to attract, motivate and retain the qualified talent the Group needs to succeed globally while providing superior returns to our shareholders. During the past year, the Compensation Committee continued to monitor:

- the alignment of Swiss Re’s compensation framework with shareholders’ interests and with our long-term business and risk strategy;
- the effectiveness of the current performance measurement approach which assesses actual performance versus goals and then determines compensation outcomes;
- the competitiveness of compensation for the Board of Directors, Group Executive Committee (Group EC) and other executives; and

- legal and regulatory developments, including the alignment of the compensation framework with the amended Swiss Financial Market Supervisory Authority (FINMA) and SIX Swiss Exchange (SIX) regulations, and continued compliance of the Board of Directors and Group EC compensation with the Ordinance against Excessive Compensation at Public Corporations (the Ordinance).

Furthermore, the Compensation Committee also conducted a self-assessment of its own effectiveness.

On behalf of the Compensation Committee, I would like to acknowledge the strong shareholder support at the Annual General Meeting (AGM) 2017. Swiss Re's shareholders again approved the proposed aggregate compensation of the members of the Board of Directors and the Group EC. Additionally, all proposals for re-election and election to the Compensation Committee were approved and the 2016 Compensation Report again received a positive outcome in the consultative vote.

Through discussions with key investors and proxy advisors, Swiss Re continued to identify potential areas of enhanced compensation disclosure. As a result, the 2017 Compensation Report contains additional information, particularly in the areas of variable compensation and committee fees paid to the members of the Board of Directors.

Group business performance 2017

Key considerations for annual compensation decisions continue to cover a combination of US GAAP and Economic Value Management (EVM) based business results, qualitative factors and Swiss Re's pay-for-performance approach. Compensation decisions were made considering Swiss Re's performance for the reporting year, in which the Group's US GAAP and economic results were significantly impacted by the large natural catastrophe events in 2017, partially offset by the very strong investment result.

- The Property & Casualty Reinsurance reported US GAAP and economic results reflected high insurance claims in the aftermath of a string of natural catastrophes in Australia, over the Atlantic Ocean, in Mexico and in California.

- Life & Health Reinsurance exceeded its return on equity target and reported strong economic results, demonstrating sustainability in its performance, driven by a good underwriting result and continued strong investment performance.
- The Corporate Solutions' US GAAP and economic results were heavily impacted by the large natural catastrophes, resulting in a loss for the year.
- Life Capital delivered strong performance across all metrics and generated significant gross cash for the Group.

Group Annual Performance Incentive 2017

In years with relatively benign natural catastrophe environments, variable compensation payouts were positive but not excessive. Conversely, in adverse environments, the negative impact is substantive but also proportionate, given the need to carefully manage key talent and retention risk. Given the significantly lower financial performance compared to last year mainly due to the large natural catastrophes, the strong qualitative performance and the value sharing measurement for shareholders, the Compensation Committee and the Board of Directors have agreed to lower but still balanced variable compensation payouts.

Compensation framework

Swiss Re's compensation framework is designed to promote long-term sustainable performance for the Group and its shareholders through a mix of fixed and variable compensation components. It comprises fixed components such as base salary, pensions and other benefits, as well as a combination of variable short- and long-term incentives as outlined later in this Compensation Report. The Compensation Committee continues to review and monitor the compensation framework of Swiss Re considering business strategy, targets, risk awareness and corporate values. External factors with respect to regulatory requirements and legal developments, the international context in which we operate and relevant market data are also taken into account.

There were no material changes to our compensation framework in 2017.

AGM 2018

The Compensation Committee remains committed to recommending compensation policies and programmes that support our business strategy and align the interests of our employees with those of our shareholders. We are therefore keen to maintain regular interactions with shareholders and other key stakeholders.

Consistent with last year and in line with our Articles of Association, shareholders will again be asked to approve the following amounts:

- maximum aggregate amount of compensation for the members of the Board of Directors for the term of office from the AGM 2018 to the AGM 2019;
- maximum aggregate amount of fixed compensation and variable long-term compensation for the members of the Group EC for the financial year 2019; and
- aggregate amount of variable short-term compensation for the members of the Group EC for the financial year 2017.

Separately from this and as in the past, shareholders will also be asked to support this Compensation Report in a consultative vote. The Compensation Committee is satisfied that this Compensation Report complies with applicable laws, rules and regulations and provides a comprehensive view of the compensation framework at Swiss Re and the 2017 compensation decisions.

Zurich, 15 March 2018



C. Robert Henrikson
Chairman of the Compensation Committee

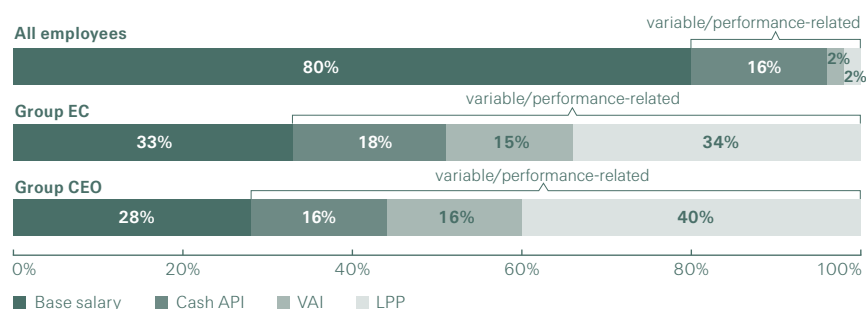
Compensation highlights in 2017

Pay for performance

The Compensation Committee ensures that Group EC compensation is linked to the business performance of Swiss Re by delivering a substantial portion of compensation in the form of variable and performance-related incentives.

The Compensation Committee monitors how compensation is aligned with specific business metrics, including US GAAP net income and EVM profit.

	Base salary	Variable/performance-related	of which deferred
All employees	80%	20%	23%
Group EC	33%	67%	73%
Group CEO	28%	72%	78%



USDm (unless otherwise stated)	2015	2016	change	2017	change
US GAAP net income	4 597	3 558	-23%	331	-91%
EVM profit	480	1 399	191%	-9	-
Regular dividend payments (CHF) ¹	4.60	4.85	5%	5.00	3%
Financial Strength Rating (Standard & Poor's)	AA-	AA-		AA-	
Total equity	33 606	35 716	6%	34 294	-4%
Regular staff worldwide	12 767	14 053		14 485	
Aggregate compensation for all employees (CHF millions) ²	2 213	2 265	2%	2 165	-4%
Group EC members ³	12	14		14	
Aggregate Group EC compensation (CHF thousands) ^{2, 3}	47 360	51 430	9%	43 159	-16%

¹ Dividend payments are made in April of the following year. For 2017 an ordinary dividend of CHF 5.00 is proposed to the AGM 2018.

² Disclosure includes all awards for a reporting year, ie the 2017 aggregated compensation values include the fair value of the Leadership Performance Plan (LPP) granted in April 2017. The Annual Performance Incentive (API) for 2017 for members of the Group EC is subject to approval by the shareholders at the AGM 2018.

³ Including Group CEO.

ATTRIBUTION OF GROUP INCOME TO KEY STAKEHOLDERS

USDm (unless otherwise stated)	2015	%	2016	%	2017	%
Income before tax and variable compensation	5 758	100%	4 773	100%	814	100%
Variable Compensation	510	9%	466	10%	351	43%
Income tax expense	651	11%	749	16%	132	16%
US GAAP net income attributable to shareholders	4 597		3 558		331	
of which paid out as dividend ¹	1 561	27%	1 559	33%	1 650	203%
of which share buy-back	1 018	18%	1 006	21%	1 016 ²	125%
of which added to retained earnings within shareholders' equity	2 018	35%	993	20%	-2 335	

¹ FY 2017 is estimated based on average year-to-date CHF/USD FX rates as of February 2018. The dividend is subject to AGM approval and the amount depends on the final number of dividend eligible shares and FX rates upon dividend payout.

² Includes shares bought back between 3 November 2017 and 16 February 2018 as part of the buy-back programme authorised at the AGM 2017. The total amount represents an estimate translated at the 2017 average CHF/USD exchange rate.

Compensation framework

Compensation Policy

Building on the overarching compensation principles included in Swiss Re's Articles of Association, the compensation framework is captured within the Swiss Re Group Compensation Policy (the Compensation Policy). The Compensation Policy governs the compensation structure and processes across all functions and locations at Swiss Re and is reviewed regularly.

The Compensation Committee has also approved an authority matrix that defines the limits to which each level of management can authorise compensation payments. The Group CEO or the Compensation Committee, as applicable, approves all compensation that exceeds the pre-set limits. The Group CEO is not involved in decision-making concerning his own compensation.

The Human Resources function conducts a regular self-assessment of Swiss Re's compliance with the Compensation Policy. The Compensation Committee reviews this self-assessment and identifies potential areas for improvement. The Compensation Committee receives reports on compensation decisions as appropriate, including a comprehensive review of the effectiveness of the annual compensation review cycle.

Swiss Re is required to assess the Compensation Policy against the requirements of FINMA. As part of this process, the Board's Finance and Risk Committee is required to review risks related to the Compensation Policy. A comprehensive risk analysis of the Compensation Policy is therefore conducted on an annual basis.

To reflect best practices, the Compensation Policy prohibits the use of any personal hedging strategies or remuneration and liability-related insurance that could undermine the risk alignment effects and economic exposure embedded in compensation arrangements.

Guiding principles

Swiss Re's compensation framework is designed to attract, motivate and retain the qualified talent the Group needs to succeed globally and to create a tangible link between performance and pay.

The aim is to provide compensation that is competitive in local labour markets and to ensure that our employees focus on delivering outstanding results while supporting appropriate and controlled risk-taking. A balanced compensation package is complemented by competitive pension plans and benefits.

This approach adds to the success of the business by:

- supporting a culture of high performance with a focus on risk-adjusted financial results;
- ensuring alignment of compensation to business results, individual contribution and compliance;
- supporting Swiss Re's commitment to attract, motivate and retain key talent;
- aligning the interests of employees with those of Swiss Re's shareholders; and
- fostering compliance and supporting appropriate and controlled risk-taking.

Swiss Re aims for total compensation that is competitive in the market.

In addition, Swiss Re seeks to ensure that total compensation is well balanced in terms of fixed versus variable compensation and in terms of short-term versus long-term incentives. This is to encourage sustainable performance and appropriate risk-taking in line with the business and risk strategy.

Swiss Re has several incentive programmes that reflect the long-term nature of the business: both the Value Alignment Incentive (VAI) as the deferred part of the Annual Performance Incentive (API) and the Leadership Performance Plan (LPP) aim to reward sustained performance rather than short-term results. These programmes support closer alignment of the interests of shareholders and employees.

OVERVIEW OF COMPENSATION AND BENEFITS COMPONENTS FOR GROUP EC MEMBERS AND OTHER EMPLOYEES

	Fixed	Benefits	Variable compensation			Participation plans	
	Base salary		(short-term) Cash API	(long-term) VAI (deferred API)	(long-term) LPP	(long-term) GSPP	(long-term) ISP
Eligibility	All employees	All employees	All employees	Employees with an API at or above USD 100 000	Group EC members and other employees upon Group CEO invitation	All employees	All employees
Purpose	Attract and retain	Risk protection, market competitiveness, connection to Swiss Re values	Pay for performance	Pay for sustained performance	Alignment with future performance	Alignment to share-holders	Alignment to share-holders
Plan duration				3 years	5 years for Group EC members and other key executives* and 3 years for the majority of participants	3 years	1 year
Drivers	Role and experience	Market practice	Business and individual performance	Business performance	Business performance		
Settlement	Cash (immediate)	Pension, insurances, cash	Cash and/or shares (under the ISP)	Cash (deferred)	Shares	Shares	Shares
Performance KPIs			Business and individual performance	Measurement of the economic impact of profit/loss from previous years' business	Relative TSR ROE		
Performance period			1 year	3 years	3 years		
Payout range			0 to 2×TAPI**	50% to 150% of deferred API	RSUs: 0% to 100% PSUs: 0% to 200%		
Share price impact	No	No	No	No	Yes	Yes	Yes
Forfeiture rules	No	In certain plans	Yes	Yes	Yes	Yes (on match)	No
Clawback rules	No		Yes	Yes	Yes	No	No

* Certain members of Business Unit Executive Committees (BU ECs) and all Group Managing Directors (GMDs).

** For Group EC members the API payout range is additionally capped at 3×annual base salary.

Swiss Re aims for total compensation that is competitive in the market. Swiss Re also seeks to ensure that total compensation is well-balanced in terms of fixed versus variable compensation and in terms of short-term versus long-term incentives.

Base salary

Base salary is the fixed compensation paid to employees for carrying out their role and is established based on the following factors:

- scope and responsibilities of the role, and qualifications required to perform the role;
- market value of the role in the location in which Swiss Re competes for talent; and
- skills and expertise of the individual in the role.

Benefits

Swiss Re aims to provide a competitive package of employee benefits. Benefits are designed and implemented under a global framework, while appropriately reflecting differing local employment market conditions.

The key objectives of Swiss Re's benefits packages are to:

- provide a degree of security for employees as they relate to pension, health matters, disability and death;
- be competitive in the markets where Swiss Re competes for talent; and
- connect with Swiss Re values and enhance engagement.

Additionally, forfeiture provisions apply in certain plans.

Annual Performance Incentive

Purpose

The API is a performance-based, variable component of compensation. Combined with the base salary, it provides competitive total cash compensation when both business and individual performance targets are achieved.

Structure

Swiss Re operates a Target API (TAPI) system along with a performance management framework that provides equal weighting to results-oriented and behavioural-related performance criteria for all employees. API is awarded for both objectives achieved and the demonstration of desired behaviours.

A TAPI is set based on multiple factors, but primarily on the role being performed and market benchmarks. Similar to the determination of the base salary, the employee's total compensation and overall pay-mix are taken into account when setting the TAPI. The possible payout for the API ranges from 0 to 2 × TAPI.

For Group EC members an additional cap applies which is 3 × annual base salary.

In 2017, for the members of the Group EC including the Group CEO, the total of the aggregate TAPIs amounted to CHF 16.42 million. For the Group CEO the TAPI was CHF 2.25 million for the same year.

Funding

Swiss Re uses a three-step process to assess business performance to help determine the overall Group API pool. The process comprises a financial, a qualitative and an overall assessment. The financial assessment covers four equally weighted performance factors: return on equity (ROE), net operating margin, EVM profit (% of economic net worth) and economic net worth growth measured for both the Group and each Business Unit individually. Also, multi-year comparisons and an assessment of the quality of earnings are considered. The chart below gives more detail on the criteria used to determine the size of the pool.

The Business Units then allocate their pools following a similar assessment.

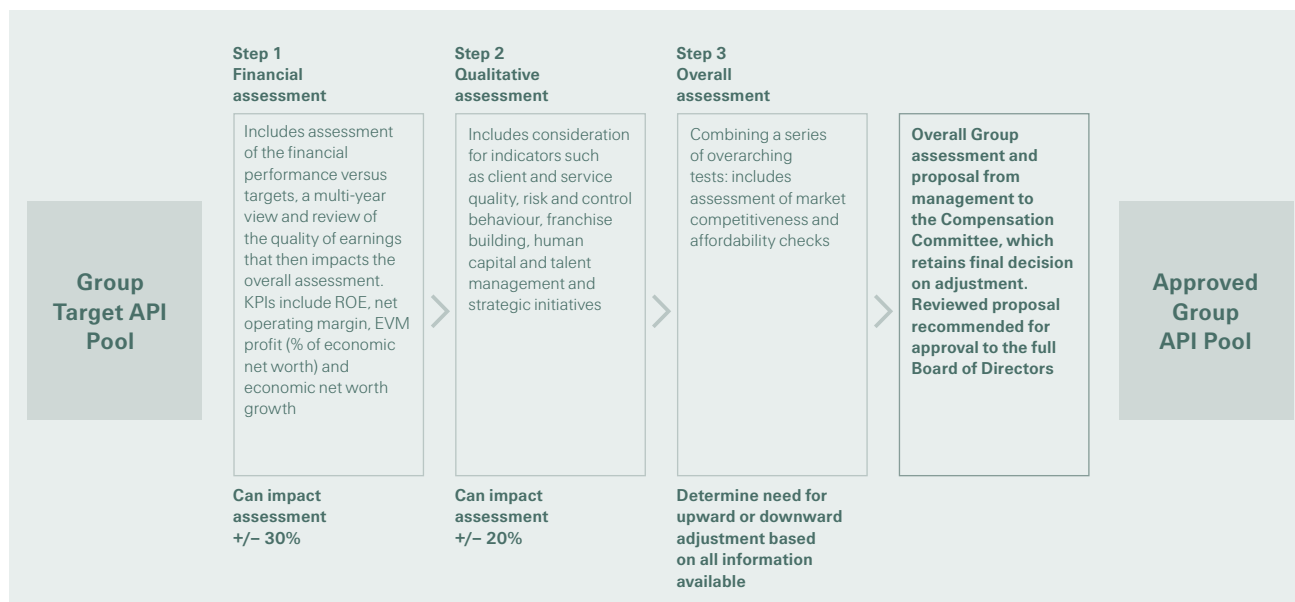
Settlement

API is generally settled in cash. When the total API level for an employee exceeds a pre-defined amount, the award is split into two components: an immediate cash incentive payment (cash API) and a deferred API (VAI).

Employees can invest some or all of their cash API in shares under the Incentive Share Plan (ISP).

Forfeiture of unsettled awards and clawback provisions for settled awards apply in a range of events, enabling Swiss Re to seek repayment where appropriate. Examples of such events are acts which can be considered as malfeasance, fraud or misconduct.

GROUP API POOL FUNDING PROCESS



Compensation

Compensation framework

Value Alignment Incentive

Purpose

The VAI is a mandatory deferral of a portion of the API and introduces a time component to this performance-based, variable compensation. This supports the Group's business model by aligning a portion of variable compensation with sustained long-term results. The aim is to ensure that the ultimate value of the deferred variable compensation through VAI is affected by the longer-term performance of the relevant Business Unit and the Group.

Plan duration

The VAI supports a longer-term perspective by linking awards to performance over a three-year period.

Performance measurement

Starting with the 2015 award, the performance measurement calculation has been simplified to increase transparency. This was achieved by using fewer performance factors (at the Business Unit and Group level) and, where possible, published EVM information (ie EVM profit – previous years' business).

The performance factors of the VAI are calculated based on the three-year average of the published EVM previous years' business profit margin. EVM is Swiss Re's proprietary integrated economic valuation and accounting framework for planning, pricing, reserving, and steering the business (please refer to the EVM section on pages 54–63 of this Financial Report). The EVM previous years' business profit margin is the ratio of EVM previous years' business profit to EVM capital allocated to previous years' business in the current year.

A higher EVM previous years' business profit margin (for all prior underwriting years) results in a higher performance factor. Conversely, a lower EVM previous years' business profit margin results in a lower performance factor. The performance factor is a linear function whereby payout ranges from 50% to 150%.

Structure

The higher the API granted, the greater the amount of compensation that remains at risk through deferral into the VAI, as shown in the table below.

Funding

The VAI is not funded as a separate pool. The Group API pool includes amounts paid in cash and amounts to be deferred into the VAI.

Settlement

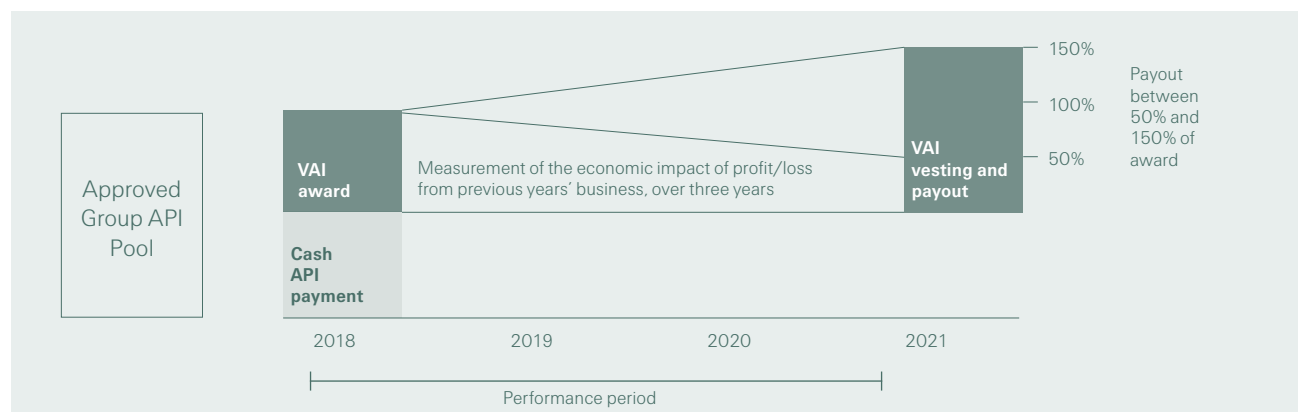
At the end of the deferral period, VAI will be settled in cash. For the full three-year performance measurement period, forfeiture conditions apply.

Additionally, clawback provisions apply in a range of events as defined in the VAI plan rules, enabling Swiss Re to seek repayment of settled awards. Examples of such events are the participant's conduct or acts which can be considered as malfeasance, fraud or misconduct.

For VAI performance outcomes over past years please refer to page 170.

PORTION OF API THAT IS DEFERRED

	Deferral into VAI
Group CEO	50% of API
Other Group EC members	45% of API
Other key executives	40% of API
All other employees	50% of the amount exceeding USD 100 000 with a minimum deferral amount of USD 5 000 at USD 100 000 and up to a maximum of 40% of API



Leadership Performance Plan

Purpose

The purpose of the LPP is to provide an incentive for Swiss Re's senior management to create sustainable company performance over the long term. The LPP is a forward-looking instrument awarded to participants to incentivise decision-making that is also in the shareholders' interest.

The design of the LPP is to:

- focus participants' energies on earnings, capital efficiency and Swiss Re's position against peers, all of which are critical to sustained shareholder value creation;
- focus participants on long-term goals;
- attract and retain individuals of exceptional skill; and
- provide competitive compensation that rewards long-term performance.

Grant

The amounts disclosed under LPP in the section "Compensation disclosure and shareholdings 2017" reflect the grants made in April 2017. The LPP 2017 will be measured over the period 2017 to 2019 and vests in 2020. Grant levels are determined based on multiple factors including the role being performed and market benchmarks.

The individual grant level for each member of the Group EC is based on a stable CHF amount which in any year cannot exceed $1.5 \times$ annual base salary for each member of the Group EC excluding the Group CEO and $2 \times$ annual base salary for the Group CEO. In 2017, the total of the LPP grants awarded to members of the Group EC including the Group CEO amounted to CHF 13.5 million. The LPP grant awarded to the Group CEO amounted to CHF 2.0 million.

Plan duration

The vesting and performance measurement period is three years with no additional holding requirement. For LPP awards granted to Group EC members and other key executives, the duration of the LPP is five years comprising a three-year vesting and performance measurement period and an additional two-year holding requirement.

Structure

At the grant date, the award amount is split into two underlying components: Restricted Share Units (RSUs) and Performance Share Units (PSUs). A fair market value methodology executed by a third party determines the number of RSUs and PSUs granted.

Restricted Share Units

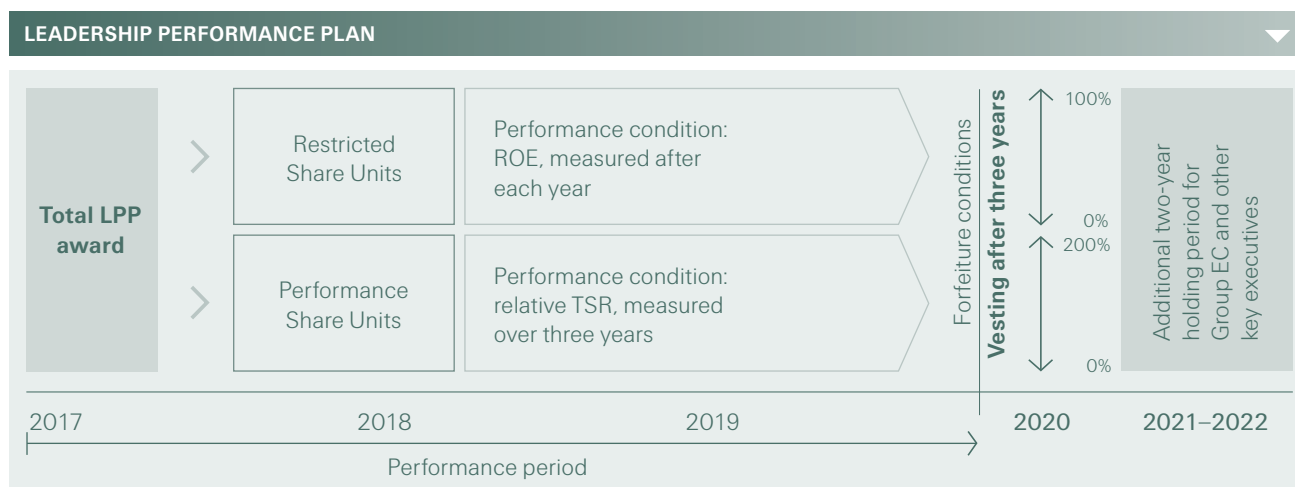
The performance condition for RSUs is ROE with a linear vesting line. Vesting is at 0% for an ROE at the risk-free rate* and at 100% for an ROE at a predefined premium above the risk-free rate. The premium is set at the beginning of the plan period and for LPP 2017 this premium has been set at 900 basis points above the risk-free rate. At the end of each year, the performance against the ROE condition is assessed and one third of the RSUs are locked in within a range of 0% to 100%. At the end of the three-year period, the total number of units locked in at each measurement period will vest (capped at 100%**).

Performance Share Units

The performance condition for PSUs is relative Total Shareholder Return (TSR) measured over three years. The PSUs vest within a range of 0% to 200%. Vesting starts at the 50th percentile of TSR relative to peers with 50% vesting and is capped at 200%** vesting at the 75th percentile relative to peers. In case of a negative TSR over three years, the Compensation Committee retains the discretion to reduce the level of vesting.

* The annual risk-free rate is determined as the average of 12 monthly rates for ten-year US Treasury bonds of the corresponding performance year.

** Maximum vesting percentage excludes share price fluctuation until vesting.



Compensation

Compensation framework

Swiss Re's TSR performance is assessed relative to the TSR of the pre-defined peer group. This peer group consists of companies that are similar in scale, have a global footprint or a similar business mix as Swiss Re. The peer group which is set at the beginning of the plan period has been increased to 16 companies in total, and includes Allianz SE, American International Group Inc, Aviva PLC, AXASA, Chubb Limited, Everest Re Group Ltd, Hannover Rueck SE, MetLife Inc, Muenchener Rueckversicherungs-Gesellschaft AG, Prudential PLC, QBE Insurance Group Ltd, Reinsurance Group of America Inc, RenaissanceRe Holdings Ltd, SCOR SE, XL Group Ltd and Zurich Insurance Group Ltd.

Funding

The LPP pool granted each year is reviewed in the context of sustainable business performance and affordability, and funded as part of the total variable compensation pool.

Settlement

At the end of the three-year measurement period, both RSUs and PSUs will typically be settled in shares.

Forfeiture and clawback provisions apply in a range of events (the same as outlined in the VAI section) as defined in the LPP plan rules, enabling Swiss Re to seek repayment where appropriate.

Swiss Re also makes it possible for all LPP participants to have shares sold or automatically settled on a net basis as applicable, to cover statutory tax and social security liabilities that may arise at vesting. For LPP performance outcomes over past years please refer to page 171.

Global Share Participation Plan

Swiss Re offers its employees an opportunity to directly participate in the long-term success of the Group by purchasing shares (for up to a maximum of CHF 7 000 per year of a plan cycle and capped at 10% of base salary), through the Global Share Participation Plan (GSPP). Swiss Re provides a 30% match on the number of shares held by employees at the end of the three-year plan cycle. The match is subject to forfeiture in case of termination of employment before the end of the plan cycle.

The GSPP has the same core design in all locations.

Incentive Share Plan

The ISP provides employees with an opportunity to purchase shares with some or all of their immediate cash API. Shares are offered with a 10% discount on the fair market value and are subject to a one-year blocking period. Full shareholder rights apply during this blocking period. The ISP encourages alignment with shareholder interests. At the end of the one-year period, the employee assumes full ownership of the shares.

Supplementary information on Group EC members

Performance assessment

The Compensation Committee assesses the performance of the Group EC including the Group CEO against the same set of quantitative and qualitative objectives. These objectives are agreed at the beginning of the year and are aligned with the Group's strategy.

Compensation approval

The determination of compensation for the Group EC including the Group CEO is ultimately subject to AGM approval as outlined in the Articles of Association.

Benchmarking

The external compensation advisor to the Compensation Committee conducts an annual review of the compensation of the Group EC relative to a group of reference companies in the financial services industry to ensure that market competitiveness is maintained. The reference companies are regularly reviewed by the Compensation Committee to ensure their continued relevance. The core peer group consists of the following globally active primary insurance and reinsurance firms: Allianz SE, American International Group Inc, Aviva PLC, AXA SA, Chubb Limited, Hannover Rueck SE, MetLife Inc, Muenchener Rueckversicherungs-Gesellschaft AG, Prudential PLC, QBE Insurance Group Ltd, Reinsurance Group of America Inc, SCOR SE, XL Group Ltd and Zurich Insurance Group Ltd.

Employment conditions

The Group EC including the Group CEO have employment contracts with notice periods of 12 months and no severance clauses. Information on "change of control" clauses is covered in the Corporate Governance section on page 131 of this Financial Report.

Group EC members are covered by the Group's standard defined contribution pension plans.

Stock Ownership Guidelines

Swiss Re has stock ownership guidelines which articulate the levels of stock ownership expected of the Group EC including the Group CEO. The guidelines are designed to increase the alignment of the interests of senior management and shareholders.

The guidelines define target ownership by role and the ownership levels required are:

- Group CEO – 3 × annual base salary; and
- Group EC members – 2 × annual base salary.

Members have a five-year timeframe to achieve these targets. In addition, because Swiss Re believes that a meaningful stock ownership position is essential, restrictions on the immediate cash portion of API delivered will apply if these levels are not met within the specified timeframe.

The determination whether a Group EC member has met the guidelines will include all vested shares that are owned directly or indirectly by the relevant member and related parties.

Compensation framework for the Board of Directors

The objective in compensating members of the Board of Directors is to attract and retain experienced individuals who are highly motivated to perform a critical role in the strategic oversight of Swiss Re and to contribute their individual business experience and expertise. The structure of compensation for members of the Board of Directors must, however, take account of the way their contribution to the success of Swiss Re differs from that of the members of the Group EC.

It is important that the compensation components are structured to achieve a strong alignment with the interests of the shareholders of Swiss Re. In line with best practice, a significant portion (40%) of the compensation for the Board members consists of shares.

The maximum aggregate amount of compensation for the members of the Board of Directors is approved by the AGM in advance of the term of office for which the Board members are elected. The Board members receive no variable or performance-based compensation. The fee level for each Board member, subject to their re-election, is reviewed annually.

Compensation structure

Fees for the members of the Board of Directors are delivered 60% in cash and 40% in shares. The shares have a four-year blocking period.

Roles and time commitment

The requirements for memberships of boards of directors of complex, international listed companies, in terms of qualifications and skills, are constantly increasing. Swiss Re Ltd's Board of Directors has a special skill set including international, industry or sector specific experience. These skills ensure that Swiss Re Ltd has the relevant expertise in place required for effective supervision. The fees for the members of the Board of Directors reflect different responsibilities and committee memberships. The individual levels of pay therefore vary.

Certain committees, such as the Audit Committee and the Finance and Risk Committee, meet more frequently or hold longer meetings, and hence have higher workloads. The table on page 115 of the Financial Report provides an overview of the meetings of the Board of Directors and its committees held in 2017.

The Chairman of the Board of Directors devotes himself full-time to his role. In defining the position of Chairman as a full-time role, Swiss Re applies best practice for regulated, complex financial institutions. The Chairman's task is to make sure the Board of Directors can fulfil its responsibilities and authorities. In particular, he leads the Board of Directors, coordinates the work of the Board of Directors and its committees, convenes the Board and committee meetings, establishes the agendas and presides over Board meetings. The Chairman also leads the Chairman's and Governance Committee, which develops and continually adapts Swiss Re's governance to regulatory and corporate requirements. The Chairman represents, besides the Group CEO, its shareholders in industry associations and in the interaction with other stakeholders such as the media, political and regulatory authorities, government officials and the general public. The Chairman keeps regular contact with our Group regulator (FINMA).

The Vice Chairman, who is also the Lead Independent Director, acts as a deputy of the Chairman, if the Chairman is prevented from performing his duties or in potential conflict of interest situations. The Board of Directors may assign further tasks to the Vice Chairman.

Fee approval

In line with Swiss law, and as outlined in the Articles of Association, the aggregate compensation for the members of the Board of Directors, for the next term of office, is subject to shareholder approval at the AGM.

Subsidiaries boards of directors

The majority of the board members at subsidiary level are Swiss Re executives. They do not receive any additional fee for their services in these roles. The non-executive members of the subsidiary boards receive their fees 100% in cash. When a member of the Board of Directors of Swiss Re Ltd also serves on the board of a subsidiary, the aggregate compensation of the Board of Directors proposed to the AGM for approval also includes any subsidiary board fees.

Compensation governance

Authority for decisions related to compensation at the Board and Group EC level are governed by the Articles of Association and the Bylaws of Swiss Re Ltd, including the Charter of the Compensation Committee (Charter). The main responsibilities of the Compensation Committee are summarised in the table on the right.

THE ARTICLES OF ASSOCIATION OF SWISS RE LTD INCLUDE RULES ON: ▼

- the annual and binding approval by the AGM of the maximum aggregate amounts of compensation of members of the Board of Directors and of the Group EC (Art. 22);
- the supplementary amount for changes in the Group EC (Art. 23), if the maximum aggregate amount of compensation approved by the AGM is not sufficient to also cover compensation of a new Group EC member;
- the compensation principles for both the members of the Board of Directors and of the Group EC covering short-term and long-term elements, performance-related pay, payment in shares, financial instruments or units, compensation in kind or other types of benefits (Art. 24); and
- the agreements with members of the Board of Directors and the Group EC, external mandates and credits and loans (Arts. 25 to 27).

The Articles of Association are available on the Swiss Re website: www.swissre.com – About us – Corporate governance – Corporate regulations – Articles of Association of Swiss Re Ltd.

ROLES AND RESPONSIBILITIES IN RESPECT OF COMPENSATION ▼

Function	Description of roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> ■ Establishes and periodically reviews Swiss Re's compensation framework, including guidelines and performance criteria. ■ Prepares the proposals to the AGM regarding Board of Directors and Group EC compensation. ■ Further details can be found in the Corporate Governance section on pages 104–121 of this Financial Report.
Compensation Committee	<ul style="list-style-type: none"> ■ Consists of at least four independent members of the Board of Directors. Each member of the Compensation Committee is elected individually at the AGM for a term of office until completion of the next AGM. ■ Is governed by a Charter approved by the Board of Directors, which defines the purpose, composition and procedural rules of the Compensation Committee, including its responsibilities and authorities for making proposals and decisions related to compensation of the members of the Board of Directors and the Group EC. ■ Assesses the individual performance of the members of the Group EC, including the Group CEO, and periodically reviews the effectiveness of the performance management process. ■ Is responsible for making recommendations to the Board of Directors and overseeing the design and implementation of compensation principles, policy, framework, plans and disclosure. ■ Reviews compensation principles, policies and share-based plans annually to ensure that they remain in line with Swiss Re's objectives and strategy, shareholders' interests and legal and regulatory requirements. ■ Further details can be found in the Corporate Governance section on page 114 of the Financial Report.
Management	<ul style="list-style-type: none"> ■ The Group CEO, the Group COO and the Chief Human Resource Officer participate in the Compensation Committee meetings. ■ Other members of senior management may attend as deemed appropriate by the Compensation Committee and upon invitation by the Chair of the Compensation Committee. ■ No individual may attend any part of a meeting where their own compensation is discussed.
Secretary	<ul style="list-style-type: none"> ■ The Head of Reward serves as the Secretary to the Compensation Committee and attends its meetings (apart from the executive sessions).
External Advisors	<ul style="list-style-type: none"> ■ Mercer provides information about remuneration trends, market benchmarking and advice on executive compensation issues. ■ Niederer Kraft & Frey Ltd provide legal advice, mainly about specific aspects of compliance and disclosure matters regarding compensation. ■ These advisors are retained by the Compensation Committee and provide the Compensation Committee with an external perspective.

COMPENSATION APPROVAL

The table below shows the approval processes for key compensation decisions:

Decision on	Proposed	Endorsed	Approved
Maximum aggregate amount of compensation for the members of the Board of Directors for the next term of office	Compensation Committee, Chairman of the Board of Directors, Board of Directors (to the AGM)		Board of Directors, AGM
Individual compensation for the members of the Board of Directors	Compensation Committee, Chairman of the Board of Directors ¹		Board of Directors ²
Maximum aggregate amount of fixed compensation and long-term variable compensation for the members of the Group EC	Group CEO, Board of Directors (to the AGM)	Chairman of the Board of Directors	Compensation Committee, Board of Directors, AGM
Aggregate amount of variable short-term compensation for the members of the Group EC	Group CEO, Board of Directors (to the AGM)	Chairman of the Board of Directors	Compensation Committee, Board of Directors, AGM
Compensation for Group CEO	Compensation Committee, Chairman of the Board of Directors		Board of Directors ³
Individual compensation for the members of the Group EC (excl. Group CEO)	Group CEO	Chairman of the Board of Directors	Compensation Committee ^{3,4}
Short-term compensation pools and long-term incentive pools for the Group and Group EC (excl. Group CEO)	Group CEO	Chairman of the Board of Directors, Compensation Committee	Board of Directors ²
Variable compensation pools for the Control Functions and individual compensation of the Heads of the Control Functions	Group CEO	Compensation Committee	Board of Directors, Chairs of the Audit Committee and the Finance and Risk Committee

¹ Other than the Chairman's compensation.

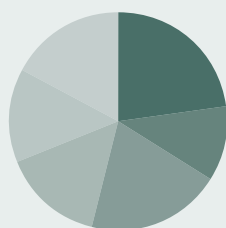
² Within the maximum aggregate amount of compensation approved by the AGM.

³ Within the maximum aggregate amount of compensation approved by the AGM and the additional amount available for changes in the Group EC after the AGM as per the Articles of Association respectively.

⁴ Board of Directors is informed.

COMPENSATION COMMITTEE'S TIME ALLOCATION TO KEY TOPICS IN 2017

- 23% Variable compensation for the Group
- 11% Review of compensation framework
- 20% Compliance and regulatory
- 15% Compensation and performance of Group EC members
- 14% Executive sessions
- 17% Other topics



Compensation Committee activities

The Compensation Committee operates as the Group's global compensation committee and oversees the compensation system applied at all entities of the Swiss Re Group with its decisions and guidance.

The Compensation Committee has an annual agenda to ensure that important reviews take place at the appropriate times throughout the year. The Compensation Committee also commits time to executive sessions and

conducts periodic self-assessments to ensure its continued high level of effectiveness. It held six meetings during 2017 and provided an update to the Board of Directors on topics discussed, decisions made and items for approval after each of these meetings. A summary of the topics dealt with by the Compensation Committee during the year is shown on page 166.

HIGH-LEVEL OVERVIEW OF TOPICS DISCUSSED

Variable compensation for the Group

At Swiss Re, the compensation cycle begins in December and runs through to April of the following year. The Compensation Committee oversees each stage of the process, starting with deciding on the variable compensation pool for the prior performance year, reviewing this decision, and setting targets for the upcoming year.

Outlined below is an overview of the main topics discussed during 2017:

Items relating to the past performance cycle

	Meeting
■ Performance assessment process and proposal of the variable compensation pool	January and February
■ Approval of performance factors for deferred compensation awards	February and April
■ Review of the decisions made during the prior compensation cycle	June

Items relating to the upcoming performance cycle

■ Review and recommendation of the LPP pool for the upcoming year	January and February
■ Setting of the performance targets for variable compensation for the upcoming year	February

Compensation and performance of the Group EC

The review of Group EC compensation follows the same cycle as that for the Group. Again, the Compensation Committee is fully involved through all stages of the process, and all decisions are taken by the Compensation Committee and the Board of Directors.

■ Performance assessment of the prior year	January and February
■ Approval of individual compensation proposals for the Group EC ¹	February
■ Review and confirm reference companies for Group EC compensation benchmarking	April
■ Analysis of Group EC members' compensation relative to external peers	June

Compensation of the Board of Directors

The compensation of the Board of Directors is reviewed annually, and the Compensation Committee formulates proposals for the approval of the Board of Directors accordingly².

■ Fees of the Board of Directors for the following compensation period	April
■ Approval of the Board of Directors' Compensation Policy	April
■ Review and update of the Entity Board Compensation Guidelines	June
■ Analysis of compensation practices for non-executive directors relative to the market	September

Compensation principles and plans

■ Review and update of the GSPP plan rules	January
■ Review and update of the VAI and LPP plan rules	February
■ Annual benefits review	June
■ Review and update of the ISP plan rules	September

Compliance and regulatory

The Compensation Committee spends time reviewing materials relating to regulatory or compliance requirements. In addition, the mandate of its advisors is reviewed on an ongoing basis.

■ Review and endorsement of the Compensation Report	December, January and February
■ Compliance and regulatory developments	All meetings
■ Review of the role and mandate of external advisors	September and December

¹ Within the maximum aggregate amount of compensation approved by the AGM and the additional amount available for changes in the Group EC after the AGM as per the Articles of Association respectively.

² Within the maximum aggregate amount of compensation approved by the AGM.

The role of the Control Functions in compensation

The role of Swiss Re's Control Functions (defined as Group Risk Management, Compliance and Group Internal Audit) in compensation matters is well established.

Risk and Control Related Behaviour assessment of Group and business functions

The focus on risk and control related behaviours continues. The Control Functions annually perform an independent assessment of risk and control related behaviours and summarise the outcomes in a consolidated report.

Risk and Control Related Behaviour assessment of Key Risk Takers

Swiss Re bears risks in the course of its business activities, including market, credit and liquidity, underwriting, operational (including legal and compliance) and reputational risk. Swiss Re's Key Risk Takers are executives in core risk-taking positions, who decide on business and people strategies, approve budgets, and can materially influence financial results or expose Swiss Re to significant operational or reputational risks.

In 2017, Swiss Re identified 180 positions that qualify as Key Risk Takers. This group consists of the members of the Group EC, BU EC members, other key executives and roles with core risk-taking authority. The list of Key Risk Takers is reviewed on a regular basis by Risk Management and Human Resources.

Influence of the behavioural assessment on compensation

The risk and control related behaviour assessment of Group and business functions provides additional input for helping determine the Group API pool and its allocation to each business function.

The Control Functions assess the risk and control related behaviour of each Key Risk Taker and deliver a report to key executives, including the Group Chief Risk Officer and the Chief Human Resource Officer on an annual basis. This assessment serves as an additional factor when considering individual performance and compensation outcomes.

Independence of the Control Functions

In order to ensure the continued independence of Control Functions, their compensation approval processes differ in that key annual compensation decisions for these functions are approved at the Board level.

This includes the approval of the aggregate API pools of the Control Functions, and the approval of the individual compensation for the head of each Control Function by the Board of Directors, including the Chairs of the Audit Committee and the Finance and Risk Committee.

Performance outcomes 2017

Key considerations for annual compensation decisions cover US GAAP and EVM based business results, qualitative factors and Swiss Re's pay-for-performance approach.

The outcomes of the financial, qualitative and overall assessment, all part of Swiss Re's three-step funding process (as described on page 159 of this Financial Report), again determined the Group API pool for 2017.

Financial assessment (Step 1)

Swiss Re Group and Business Units

In 2017, the Group's US GAAP performance and EVM results were significantly impacted by large natural catastrophe events including Cyclone Debbie in Australia, the North Atlantic hurricanes, the Mexican earthquakes and the wildfires in California. The destructive force of these events was reflected in both the Property & Casualty Reinsurance and Corporate Solutions results. The very strong investment results across all Business Units partially offset the impact from the large natural catastrophe losses. Life & Health Reinsurance delivered solid US GAAP and economic results, additionally benefiting from a good underwriting performance. Life Capital delivered a strong performance across all metrics and generated significant gross cash for the Group.

US GAAP financial performance

Property & Casualty Reinsurance reported a net loss in 2017, stemming from insurance claims in the aftermath of the large natural catastrophes during the year. Life & Health Reinsurance continued to report good US GAAP results, demonstrating sustainability in its performance, driven by a good underwriting result and continued strong investment performance. Premium growth reflects growth in the Americas and Asia.

The Corporate Solutions result was heavily impacted by the large natural catastrophes, resulting in a net loss for the year. Investment for long-term growth continues (organic and inorganic), despite the challenging market. The joint venture with Bradesco Seguros in Brazil began in July 2017. Corporate Solutions is now focused on the integration of Bradesco's large-risk portfolio and the use of its established distribution network. Premiums earned increased slightly compared to 2016.

Life Capital delivered strong results, although large one-off gains on the investment portfolio reported in the prior-year period were not repeated in 2017. A strong investment result, mainly stemming from realised gains on sales of fixed income securities and favourable linked market movements, added to a solid underlying performance. The gross cash generation in the current year was driven by strong underlying surplus on the ReAssure business, and further benefited from an update to mortality assumptions and the finalisation of the 2016 year-end statutory valuation.

For further details on the US GAAP financial performance, refer to pages 182–297 of this Financial Report.

EVM financial performance

The EVM underwriting result of Property & Casualty Reinsurance was driven by adverse large-loss experience, stemming from the large natural catastrophe events in 2017. This was partially offset by investment performance across equities and alternative investments as well as a positive impact from spread tightening on credit investments. The Life & Health Reinsurance underwriting profit was strong, mainly due to large transactions in EMEA, as well as continued growth in Asia. Investment activities further contributed to the positive result, primarily driven by credit spread tightening as well as performance from equity securities.

Corporate Solutions generated an EVM new business loss primarily driven by large natural catastrophe losses, and the non-recognition of intangible assets (including goodwill) related to the Bradesco joint venture as well as continued pricing pressure and large man-made losses. This was partially offset by profit from investment activities, with a positive impact from spread tightening as well as performance from equity securities.

Life Capital reported an EVM profit primarily driven by a favourable result from large transactions. Investment activities further contributed to the positive result, mainly driven by the impact of spread tightening on UK credit investments and profit from implied equity exposure arising from the unit-linked business.

For further details on the EVM financial performance, refer to the EVM chapter on pages 54–63 of this Financial Report.

Qualitative assessment (Step 2)

Swiss Re performed well on its qualitative dimension in 2017. The positive efforts on client centricity were reflected in high client satisfaction scores in various external benchmarks.

The focus on strengthening the franchise remained strong: we continued to demonstrate thought leadership externally and strengthened our recognised voice in long-term investing policy dialogue at major industry events such as the G20, World Economic Forum and Monte Carlo. A highlight was the nomination as industry leader in Responsible Investing for our sustainable approach to long-term value creation. We closely co-operated with our clients and public and private partners to create innovative solutions in the areas of climate, natural disaster and agricultural risks, sustainable energy and funding longer lives.












Our innovation capabilities were again recognised by the market resulting in numerous awards for various products.

The assurance functions continually assess our risk and control related behaviour, and concluded that our tone at the top continues to be clear and appropriate. They also confirmed that we promote an open and transparent risk culture, and appropriate priority and direction are given to the risks and controls in strategic decisions. Judgement around limits and risk tolerance remained effective.

We also fostered and supported an inclusive corporate culture and leadership climate that embraced diversity of thought and opinion. This is reflected in our global employee engagement survey scores, which have again increased: these are well over the industry benchmark and close to the high performance norm. Some improvements were made in gender diversity but much more can be achieved here and this remains a critical focus area for 2018. The focus on talent management across the Group continued to be strong.

Overall assessment (Step 3)

The labour market review concluded that we are acting in line with many reinsurance organisations which have projected a decline in their annual incentive pools. The capital market review has highlighted that the proportionality of our proposed value sharing with employees is below peers in terms of revenue and profit sharing, giving a higher distribution percentage to shareholders.

GROUP API POOL OUTCOME 2017			
Key Performance Indicator		Weighting	Achievement versus target
Financial assessment (Step 1)	ROE	25%	
	Net operating margin	25%	
	EVM profit (% of ENW)	25%	
	ENW growth per share	25%	
Qualitative assessment (Step 2)	Client and service quality		
	Risk and control behaviour		
	Franchise building		
	Human capital and talent management		
	Strategic initiatives		
Overall assessment (Step 3)	Overall assessment of Group API Pool from a number of different perspectives, eg labour market, capital market		
Approved Group API Pool			

Annual Performance Incentive

Both the Compensation Committee and the Board of Directors assessed in depth the 2017 performance of the Group. The financial performance was significantly lower than 2016 and heavily impacted by a series of large natural catastrophes. In years with relatively benign natural catastrophe environments, variable compensation payouts were positive but not excessive. Conversely, in adverse environments, the negative impact shall be substantive but also proportionate, given the need to carefully manage key talent and retention risk. This financial context, the strong qualitative performance and the value sharing measurement for shareholders have resulted in lower but still balanced variable compensation payouts.

Value Alignment Incentive

VAI performance is measured for the Group and each underlying business area. The performance factor for each participant is determined based on the business area that the participant was in at the time of award. In March 2017, the Group VAI 2013 (awarded in 2014) vested with a performance factor of 100.3% (see page 160 for a detailed description of the VAI).

The VAI 2013 performance factor of 100.3%, which applies to all Group functions, reflected the reserving accuracy for the underwriting year 2013, with small developments between 2014 and 2016 and a slightly positive contribution for the investment performance.

VAI plan year	Performance period remaining as of 31 December 2017	Swiss Re Group performance factor
2011 (awarded 2012)	Closed	103.0%
2012 (awarded 2013)	Closed	101.5%
2013 (awarded 2014)	Closed	100.3%
2014 (awarded 2015)	–	to be determined
2015 (awarded 2016)	1 year	to be determined
2016 (awarded 2017)	2 years	to be determined

Leadership Performance Plan

The LPP award is consistently linked to the Group's future achievement of multi-year performance conditions (ROE and relative TSR), keeping the focus on the long-term success of the Group. Swiss Re made LPP grants in 2017 consistent with this rationale. The LPP is generally part of total compensation (see page 161 for a detailed description of the LPP).

The LPP 2014 award was granted on 1 April 2014 and vested on 31 March 2017. The RSU component is measured against an ROE performance condition. At the end of each year, the performance is assessed and one third of the RSUs are locked in within a range of 0% to 100%. At the end of the three-year period, the total number of units locked in vests. For the LPP 2014 the average performance factor for the RSUs was 99.7% for the three-year period.

The PSU component is based on relative TSR, measured against a pre-defined basket of peers, and vests within a range of 0% to 200%. For the LPP 2014 the performance factor for the PSUs was 81% for the three-year period.

The table below gives an overview of the RSU and PSU performance achievement for the previous LPP plan years:

LPP plan year	Performance period remaining as of 31 December 2017	RSU average performance factor for the three-year period	PSU performance factor for the three-year period
2012	Closed	99.7%	200.0%
2013	Closed	99.7%	60.0%
2014	Closed	99.7%	81.0%
2015	–	to be determined	to be determined
2016	1 year	to be determined	to be determined
2017	2 years	to be determined	to be determined

Compensation disclosure and shareholdings 2017

Aggregate compensation of the Swiss Re Group

The aggregate compensation for the performance years 2016 and 2017 for all employees was as follows:

Category	Type of plan	Performance Year 2016		Performance Year 2017	
		Number of employees ¹	Values (in CHF millions)	Number of employees ¹	Values (in CHF millions)
Fixed compensation	Base salaries	14 053	1 312	14 485	1 330
	Pensions, social security and benefits	14 053	479	14 485	467
Annual Performance Incentive	Cash Annual Performance Incentive	12 609	352	13 839	261
	Value Alignment Incentive	810	50	1 015	27
Long-term variable compensation	Leadership Performance Plan	347	50	377	50
Other payments	Severance payments ²	399	19	513	25
	Sign-on payments	109	3	121	5
Total			2 265		2 165

¹ Regular staff.

² Severance payments in the table above include (i) payments under standard severance packages, (ii) other payments that are over and above what is contractually or legally required, and (iii) voluntary supplementary departure payments, but exclude similar legally permitted payments or garden leave which are aligned with local market practice for comparable positions in respect of amount, nature or duration. No severance payments were made to members of the Group EC.

As of 31 December 2017 the Group had 14 485 employees worldwide, compared to 14 053 employees at the end of 2016.

The total compensation of the Group for 2017 amounted to CHF 2 165 million (compared to CHF 2 265 million in 2016), whereof CHF 2 112 million has been or will be paid in cash (compared to CHF 2 211 million in 2016) and CHF 53 million has been granted in share-based awards (compared to CHF 54 million in 2016).

The value of all outstanding deferred compensation (determined for VAI at grant and for LPP using the fair value at grant) for all employees at 31 December 2017 amounted to CHF 293 million (compared to CHF 304 million in 2016) whereof CHF 155 million will be payable in cash (compared to CHF 169 million in 2016) and CHF 138 million in shares (compared to CHF 135 million in 2016).

In 2017 and 2016, a reduction of expenses amounting to CHF 5 million and CHF 16 million respectively, was recognised for compensation in previous financial years.

Aggregate compensation for Key Risk Takers

The aggregate compensation of the individuals that held a key risk-taking position during the performance years 2016 and 2017 was as follows:

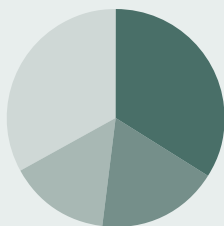
Category	Type of plan	Performance Year 2016		Performance Year 2017	
		Number of employees	Values (in CHF millions)	Number of employees	Values (in CHF millions)
Fixed compensation	Base salaries	210	79	180	67
	Pensions, social security and benefits	210	35	180	29
Annual Performance Incentive	Cash Annual Performance Incentive	210	57	178	36
	Value Alignment Incentive	209	34	164	19
Long-term variable compensation	Leadership Performance Plan	187	43	152	37
Other payments	Severance payments ¹	3	0	1	1
	Sign-on payments	12	1	9	1
Total			249		190

¹ Severance payments in the table above include (i) payments under standard severance packages, (ii) other payments that are over and above what is contractually or legally required, and (iii) voluntary supplementary departure payments, but exclude similar legally permitted payments or garden leave which are aligned with local market practice for comparable positions in respect of amount, nature or duration. No severance payments were made to members of the Group EC.

COMPENSATION MIX FOR GROUP EC

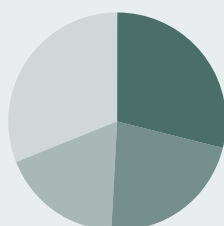
2017

- 33% Base salary
- 18% Cash API
- 15% VAI (paid after 3 years)
- 34% LPP (paid after 5 years)



2016

- 29% Base salary
- 22% Cash API
- 18% VAI (paid after 3 years)
- 31% LPP (paid after 5 years)



Compensation decisions for members of governing bodies

The section below is in line with Swiss law and specifically with Arts. 14 to 16 of the Ordinance against Excessive Compensation at Public Corporations (the Ordinance) which requires disclosure of compensation granted to members of the Board of Directors and the Group EC. Compensation to members of the Board of Directors and the highest paid member of the Group EC is shown separately.

At the AGMs 2016 and 2017 the shareholders approved maximum aggregate compensation amounts for the Board of Directors and Group EC for prospective periods. For the reconciliation of these aggregate amounts to what was awarded please refer to page 178.

Compensation decisions for the Group EC

The following table covers payments to 14 members for 2017 of whom 12 were active members of the Group EC for the full year. The 2016 payments also cover 14 members of whom 12 were active members of the Group EC for the full year.

CHF thousands	14 members 2016	14 members ¹ 2017
Base salaries	13 224	12 995
Allowances ²	2 745	861
Funding of pension benefits	2 139	2 132
Total fixed compensation	18 108	15 988
Cash Annual Performance Incentive ³	9 867	7 069
Value Alignment Incentive ³	8 396	5 931
Leadership Performance Plan ⁴	14 150	13 450
Total variable compensation	32 413	26 450
Total fixed and variable compensation⁵	50 521	42 438
Compensation due to members leaving ⁶	909	721
Total compensation⁷	51 430	43 159

¹ Represents active members of the Group EC.

² Benefits or allowances paid in cash. Consists of housing, schooling, lump sum expenses, relocation expenses/taxes, child and similar allowances.

³ For 2017, subject to shareholder approval at the AGM 2018. For 2016, as part of the aggregate amount of short-term variable compensation approved by the shareholders at the AGM 2017.

⁴ Disclosure reflects all awards for a reporting year, ie the 2016 value reflects the fair value of LPP awards granted in April 2016 and the 2017 value reflects the fair value of LPP awards granted in April 2017.

⁵ Covers payments reflecting the time in the role as Group EC members.

⁶ For Group EC members leaving during the reporting period, this covers only legally or contractually required payments for the period when the member was no longer in the role (eg base salary when on garden leave).

⁷ Amounts are gross and include social security contributions of the employees. Additionally and not included are company contributions to social security systems paid by Swiss Re in line with applicable laws which amounted to CHF 2 922 518 in 2016 and CHF 2 866 773 in 2017.

The total API amount for 2017 for the Group EC including the Group CEO is CHF 13.0 million which represents a 28.8% decrease when compared to 2016 (CHF 18.3 million). The Compensation Committee and the Board of Directors carefully considered the performance of the Group EC in 2017 and despite several performance highlights across the Group concluded that a balanced but substantive reduction in annual variable compensation was warranted given the aggregate performance of the Swiss Re Group.

Compensation

Compensation disclosure and shareholdings 2017

Compensation decisions for the highest paid member of the Group EC

The table below shows the compensation paid to Christian Mumenthaler, Group CEO (in the role since 1 July 2016):

CHF thousands	2016	2017
Base salary	1 300	1 400
Allowances ¹	43	35
Funding of pension benefits	178	178
Total fixed compensation	1 521	1 613
Cash Annual Performance Incentive ²	1 113	810
Value Alignment Incentive ²	1 113	810
Leadership Performance Plan ³	2 500	2 000
Total variable compensation	4 726	3 620
Total compensation⁴	6 247	5 233

¹ Benefits or allowances paid in cash. Includes health care and accident insurance benefits, lump sum expenses, transportation, child and similar allowances.

² For 2017, subject to shareholders approval at the AGM 2018. For 2016, as part of the aggregate amount of short-term variable compensation approved by the shareholders at the AGM 2017.

³ Disclosure reflects all awards for a reporting year, ie the 2016 value reflects the fair value of the LPP award granted in April 2016 and the 2017 value reflects the fair value of the LPP award granted in April 2017.

⁴ Amounts are gross and include social security contributions of the employee. Additionally and not included are company contributions to social security systems paid by Swiss Re in line with applicable laws which amounted to CHF 308 237 in 2016 and CHF 300 767 in 2017.

Additional information on compensation decisions

For US GAAP and statutory reporting purposes, VAI and LPP awards are accrued over the period during which they are earned. For the purpose of the disclosure required in this Compensation Report, the value of awards granted is included as compensation in the year of performance for the years 2016 and 2017 respectively.

Each member of the Group EC including the Group CEO participates in a defined contribution pension scheme. The funding of pension benefits shown in the previous two tables reflects the actual employer contributions.

Other payments to members of the Group EC

During 2017, no payments (or waivers of claims) other than those set out in the section "compensation disclosure and shareholdings in 2017" were made to current members of the Group EC or persons closely related.

Shares held by members of the Group EC

The following table reflects Swiss Re share ownership by members of the Group EC as of 31 December:

Members of the Group EC	2016	2017
Christian Mumenthaler, Group CEO	63 854	68 775
David Cole, Group Chief Financial Officer	68 061	82 982
John R. Dacey, Group Chief Strategy Officer	7 526	23 671
Guido Fürer, Group Chief Investment Officer	56 156	61 077
Agostino Galvagni, CEO Corporate Solutions	79 670	94 591
Jean-Jacques Henchoz, CEO Reinsurance EMEA	46 817	49 020
Thierry Léger, CEO Life Capital	57 610	49 841
Moses Ojeisekhoba, CEO Reinsurance	27 895	36 194
Jayne Plunkett, CEO Reinsurance Asia	29 095	34 288
Edouard Schmid, Group Chief Underwriting Officer	n/a	29 161
J. Eric Smith, CEO Reinsurance Americas	13 984	21 400
Matthias Weber, former Group Chief Underwriting Officer ¹	25 750	n/a
Thomas Wellauer, Group Chief Operating Officer	130 224	105 390
Total	606 642	656 390

¹ The number of shares held on 30 June 2017 when Matthias Weber stepped down from the Group EC was 24 913.

Leadership Performance Plan units held by members of the Group EC

The following table reflects total unvested LPP units (RSUs and PSUs) held by members of the Group EC as of 31 December:

Members of the Group EC	2016	2017
Christian Mumenthaler, Group CEO	75 458	108 779
Michel Liès, former Group CEO	64 125	n/a
David Cole, Group Chief Financial Officer	49 426	57 825
John R. Dacey, Group Chief Strategy Officer	49 426	57 825
Guido Fürer, Group Chief Investment Officer	53 765	68 394
Agostino Galvagni, CEO Corporate Solutions	49 426	57 825
Jean-Jacques Henchoz, CEO Reinsurance EMEA	39 540	46 259
Thierry Léger, CEO Life Capital	43 011	54 715
Moses Ojeisekhoba, CEO Reinsurance	43 011	54 715
Jayne Plunkett, CEO Reinsurance Asia	33 130	43 149
Patrick Raaflaub, Group Chief Risk Officer	29 791	54 715
Edouard Schmid, Group Chief Underwriting Officer	n/a	39 678
J. Eric Smith, CEO Reinsurance Americas	39 540	46 259
Matthias Weber, former Group Chief Underwriting Officer	49 426	n/a
Thomas Wellauer, Group Chief Operating Officer	49 426	57 825
Total	668 501	747 963

Loans to members of the Group EC

As per Art. 27 of the Articles of Association, credits and loans to members of the Group EC may be granted at employee conditions applicable for the Swiss Re Group, with a cap on the total amount of such credits and loans outstanding per member.

In general, credit is secured against real estate or pledged shares. The terms and conditions of loans and mortgages are typically the same as those available to all employees of the Swiss Re Group in their particular locations to the extent possible.

Swiss-based variable-rate mortgages have no agreed maturity dates. The basic preferential interest rates equal the corresponding interest rates applied by the Zurich Cantonal Bank minus one percentage point. Where fixed or floating interest rates are preferential, the value of this benefit has been included under "allowances" in the tables covering compensation decisions for Group EC members.

The following table reflects total mortgages and loans for members of the Group EC as of 31 December:

CHF thousands	2016	2017
Total mortgages and loans to members of the Group EC	0	914
Highest mortgages and loans to an individual member of the Group EC:		
Edouard Schmid, Group Chief Underwriting Officer	n/a	914
Total mortgages and loans not at market conditions to former members of the Group EC	4 300	4 300

Compensation

Compensation disclosure and shareholdings 2017

Compensation for members of the Board of Directors

The following two tables illustrate (1) the individual compensation for the members of the Board of Directors for the reported financial years 2016 and 2017 and (2) the individual compensation for the members of the Board of Directors paid or payable for the term of office from AGM 2017 to AGM 2018.

(1) Individual Board compensation for the reported financial years 2016 and 2017 (figures in CHF thousands):

Members of the Board of Directors	Total 2016	Fees and allowances in cash	Fees in blocked shares	Total 2017
Walter B. Kielholz, Chairman	4 894	2 503	1 663	4 166
Renato Fassbind, Vice Chairman, Chairman of the Audit Committee ¹	897	495	330	825
Mathis Cabiallavetta, former Member ²	102	n/a	n/a	n/a
Raymond K.F. Ch'ien, Member	332	190	126	316
Mary Francis, Member ³	464	239	136	375
Rajna Gibson Brandon, Member	325	190	127	317
C. Robert Henrikson, Chairman of the Compensation Committee	474	277	185	462
Hans Ulrich Maerki, former Member ²	105	n/a	n/a	n/a
Trevor Manuel, Member	327	205	136	341
Jay Ralph, Member ⁴	n/a	111	73	184
Joerg Reinhardt, Member ⁴	n/a	111	73	184
Carlos E. Represas, former Member ^{5, 6}	388	163	34	197
Jean-Pierre Roth, former Member ²	83	n/a	n/a	n/a
Philip K. Ryan, Chairman of the Finance and Risk Committee ⁵	893	645	233	878
Sir Paul Tucker, Member ⁷	227	189	126	315
Jacques de Vaucleeroy, Member ^{3, 4}	n/a	304	73	377
Susan L. Wagner, Chair of the Investment Committee	573	335	223	558
Total compensation for the reported financial years^{8, 9}	10 084	5 957	3 538	9 495

¹ Acting as the Lead Independent Director.

² Term of office expired after the completion of the AGM of 22 April 2016 and did not stand for re-election.

³ Includes fees received for duties on the board of Luxembourg Group companies.

⁴ Elected to Swiss Re's Board of Directors at the AGM of 21 April 2017.

⁵ Includes fees received for duties on the board of US Group companies.

⁶ Term of office expired after the completion of the AGM of 21 April 2017 and did not stand for re-election.

⁷ Elected to Swiss Re's Board of Directors at the AGM of 22 April 2016.

⁸ Compensation for the members of the Board of Directors includes fixed fees (cash and shares) and minimal allowances. No sign-on or severance payments have been made.

⁹ Amounts are gross and include social security contributions of the Board member. Additionally and not included are company contributions to social security systems paid by Swiss Re in line with applicable laws which amounted to CHF 410 271 in 2016 and CHF 706 811 in 2017. For Board members domiciled outside of Switzerland, company social security contributions are refunded, if bilateral social security agreements between Switzerland and the country of domicile apply and provide for such refund.

(2) Individual Board compensation for the term of office between AGM 2017 and AGM 2018 (figures in CHF thousands):

The table below provides more detailed information on the compensation paid or payable to each Board member against the maximum aggregate amount of CHF 9 900 000 as approved by the AGM 2017:

Members of the Board of Directors	Base fees	Audit Committee fees	Compensation Committee fees	Finance and Risk Committee fees	Investment Committee fees	Additional fees ¹	Total ²
Walter B. Kielholz, Chairman							4 000
Renato Fassbind, Vice Chairman Audit Committee Chairman	225	425	50			125	825
Raymond K.F. Ch'ien, Member	225		50		50		325
Mary Francis, Member	225	75		50			350
Rajna Gibson Brandon, Member	225			50	50		325
C. Robert Henrikson, Member Compensation Committee Chairman	225		200	50			475
Trevor Manuel, Member	225	75			50		350
Jay Ralph, Member	225			50			275
Joerg Reinhardt, Member	225		50				275
Philip K. Ryan, Member Finance and Risk Committee Chairman	225	75		300		295	895
Sir Paul Tucker, Member	225			50	50		325
Jacques de Vaucleeroy, Member	225				50	225	500
Susan L. Wagner, Member Investment Committee Chair	225			50	300		575
Total compensation for the term of office from AGM 2017 to AGM 2018							9 512³

¹ Including Vice Chairman or subsidiary fees.

² Excluding company contributions to social security systems paid by Swiss Re in line with applicable laws.

³ Including an amount of approximately CHF 17 000 for minimal benefits.

Shares held by members of the Board of Directors

The number of shares held by members of the Board of Directors as of 31 December were:

Members of the Board of Directors	2016	2017
Walter B. Kielholz, Chairman	414 613	399 987
Renato Fassbind, Vice Chairman, Chairman of the Audit Committee	19 954	23 854
Raymond K.F. Ch'ien, Member	19 978	21 472
Mary Francis, Member	5 927	6 509
Rajna Gibson Brandon, Member	21 700	23 194
C. Robert Henrikson, Chairman of the Compensation Committee	11 065	13 248
Trevor Manuel, Member	2 363	3 972
Jay Ralph, Member ¹	n/a	868
Joerg Reinhardt, Member ¹	n/a	1 168
Carlos E. Represas, former Member ²	12 837	n/a
Philip K. Ryan, Chairman of the Finance and Risk Committee	6 134	8 892
Sir Paul Tucker, Member ³	1 036	2 530
Jacques de Vaucleroy, Member ¹	n/a	868
Susan L. Wagner, Chair of the Investment Committee	6 111	8 754
Total	521 718	515 316

¹ Elected to Swiss Re's Board of Directors at the AGM of 21 April 2017.

² Term of office expired after the completion of the AGM of 21 April 2017 and did not stand for re-election.

³ Elected to Swiss Re's Board of Directors at the AGM of 22 April 2016.

Loans to members of the Board of Directors

No loans were granted to current or former members of the Board in 2017 and no loans were outstanding as of 31 December 2017.

Related parties transactions

Disclosure on compensation decisions in 2017 covers members of the Board of Directors and the Group EC as indicated, and for both include related parties to the extent applicable. Such related parties cover spouses, partners, children and other dependents or closely linked persons. In 2017 no compensation was paid to any related party.

Compensation for former members of governing bodies

During 2017, payments in the total amount of CHF 0.1 million were made to five former members of the Group EC. This amount is made up of company contributions payable by Swiss Re to governmental social security systems in line with applicable laws, benefits in the context of the outstanding mortgages and loans not at market rates, risk benefits and company commitments for tax related services.

Compensation

Compensation disclosure and shareholdings 2017

Shareholder compensation resolutions and awarded compensation

The following explanations give an overview of the applicable framework of Swiss Re Ltd's Articles of Association based on the Ordinance, the acceptance by the shareholders in the AGM 2017 of the respective motions by the Board of Directors and the reconciliation of the shareholders' resolutions with the compensation awarded in the reporting year 2017.

Framework of the Articles of Association

In accordance with Art. 22 of the Articles of Association, the Shareholders' Meeting shall approve annually and with binding effect the proposals of the Board of Directors in relation to:

- a) the maximum aggregate amount of compensation of the Board of Directors for the next term of office;
- b) the maximum aggregate amount of fixed compensation and variable long-term compensation of the Group EC for the following financial year; and
- c) the aggregate amount of short-term compensation of the Group EC for the preceding completed financial year.

AGM 2017 voting results

At the AGM on 21 April 2017, shareholders approved for the third time the maximum aggregate prospective compensation of the members of the Board of Directors (88.5% approval). Shareholders also approved for the Group EC (i) the maximum aggregate prospective fixed compensation and variable long-term compensation and (ii) the aggregate retrospective variable short-term compensation. The outcomes were 87.2% and 89.0% approval respectively. As in previous years, the 2016 Compensation Report was subject to a consultative vote and was approved by 80.6% of the shareholder votes.

Reconciliation of AGM 2016 resolutions for Group EC compensation¹

At the AGM 2016, shareholders approved a prospective maximum aggregate amount of CHF 34.0 million for fixed compensation and variable long-term compensation for the financial year 2017 for the 13 members holding positions in the Group EC at the time of the AGM 2016.

The amount of fixed compensation and variable long-term compensation effectively granted to the 14 members of the Group EC during the financial year 2017 amounted to CHF 29.4 million and therefore was within the approved amount. The amount of CHF 29.4 million includes adjustments in the compensation of a new member of the Group EC as a result of his promotion as per 1 July 2017 to the Group Chief Underwriting Officer position and the related additional costs.

Reconciliation of AGM 2017 resolution for Board of Director's compensation¹

At the AGM 2017, shareholders approved a maximum aggregate amount of compensation of CHF 9.9 million for the 13 members of the Board of Directors for the term of office from the AGM 2017 to the AGM 2018.

As shown on page 176, the compensation paid to the 13 members of the Board of Directors for their term of office from the AGM 2017 to the AGM 2018 was CHF 9.5 million and therefore within the approved amount.

AGM 2018 motion for variable short-term compensation for the Group EC for the financial year 2017

At the AGM 2018, the Board of Directors will propose to the shareholders to approve retrospectively an aggregate amount of variable short-term compensation for the 14 members of the Group EC for the completed financial year 2017 of CHF 12 999 781. This amount has been included in the items "Cash Annual Performance Incentive" and "Value Alignment Incentive" in the table for the Group EC compensation on page 173.

¹ Reconciliations calculated using December 2017 FX rates where applicable.

Report of the statutory auditor

Report of the statutory auditor
to the General Meeting of Swiss Re Ltd
on the Compensation Report 2017

We have audited the accompanying Compensation Report included in this 2017 Financial Report of Swiss Re Ltd (the Company) for the year ended 31 December 2017. The audit was limited to the information according to Articles 14 to 16 of the Ordinance against Excessive Compensation at Public Corporations (the Ordinance) contained in the tables on pages 173 to 178 of the Compensation Report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation framework and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and Articles 14 to 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with Articles 14 to 16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Compensation Report included in the 2017 Financial Report of the Company for the year ended 31 December 2017 complies with Swiss law and Articles 14 to 16 of the Ordinance.

PricewaterhouseCoopers Ltd



Alex Finn
Audit expert
Auditor in charge



Bret Griffin

Zurich, 14 March 2018