

Annual General Meeting on 7 May 2020

Counter motions

We received the following counter motions for the Annual General Meeting on 7 May 2020 in due time.

The text of this counter motion has been translated from the German original for the convenience of English-speaking readers. The German text is authoritative and final for the purposes of interpretation.

Hannover, 23 April 2020

Counter motion of Mister Manfred Stemmer for the Annual General Meeting of Talanx AG on 7 May 2020

In respect of Item 2 on the Agenda: Resolution on the appropriation of disposable profits

Mister Manfred Stemmer moves, that no dividend shall be paid out of the disposable profit, instead an accrual of loss from the corona pandemic shall be formed in the amount that the Board of Management and Supervisory Board had intended to distribute as dividend.

Rationale:

Should it become apparent at the end of 2020 that the accrual of loss was not needed in this amount or only in part, the unused amount is to be liquidated as of December 31, 2020 and used for the dividend for the 2020 financial year.

Management's response:

In our assessment, the counter motion is unfounded. We therefore recommend voting YES to Item 2 on the Agenda and thus in favour of the proposal of the Board of Management and Supervisory Board for the appropriation of disposable profits.

Counter motions of the Association of Ethical Shareholders for the Annual General Meeting of Talanx AG on 7 May 2020

In respect of Item 2 on the Agenda: Resolution on the appropriation of disposable profits

The Association of Ethical Shareholders moves that a dividend shall not be distributed. Instead, the disposable profit is to be used as a provision for the assumption of risks arising out of the coronavirus pandemic.

Rationale:

By omitting a dividend, the shareholders of Talanx AG can help to mitigate the economic and social costs resulting from the coronavirus pandemic. The European Insurance and Occupational Pensions Authority (EIOPA) is similarly calling on reinsurers not to pay a dividend in view of the fact that the impacts of the coronavirus pandemic can still scarcely be foreseen.

Furthermore, Talanx AG (respectively HDI and Hannover Re) shall be put in a position to take a particularly accommodating approach when it comes to applying all kind of covers of insurance policies taken out for business closures, business interruptions and loss of earnings to the consequences of the coronavirus pandemic. In situations that threaten a company's survival, these should apply even if insurers have not taken out such reinsurance protection. Insurers will thus be able to cover part of the costs resulting from the coronavirus pandemic, without themselves getting into difficulties or leaving society to carry the costs on its own.

This would less be an act of charity, but rather a case of living up to the social responsibility of ownership pursuant to Article 14 (2) of the Basic Law: "Property entails obligations. Its use shall also serve the public good."

In respect of Item 3 on the Agenda: Ratification of the acts of management of the members of the Executive Board for the 2019 financial year

The Association of Ethical Shareholders moves that the acts of management of the members of the Executive Board shall not be ratified.

Rationale:

The Executive Board of Talanx AG fails to adequately fulfil its responsibility to implement more effective measures to protect the climate and respect human rights. The measures taken to date are not sufficient to make an adequate contribution towards achieving the goals of the Paris Agreement on climate action and those of the UN Global Compact, to which Talanx AG has committed itself.

Exclusion of all fossil fuels required

In order to limit the risks and impacts of climate change to an acceptable extent – something in which Talanx AG, too, should have a strong self-interest – global warming must be restricted to no more than 1.5 degrees. Given that Talanx AG makes explicit reference to the goals of the Paris Agreement on climate action, the Group must begin to make plans for its withdrawal from not only coal but from all fossil fuels, because the burning of all fossil fuels drives climate change. The climate-related goals and measures as well as the portfolio of Talanx AG must be urgently subjected to independent scientific review in order to determine whether the Group is living up to the 1.5-degree target set by the Paris Agreement. In the insurance sector there is no lack of companies that Talanx AG could be guided by.

Loopholes in the withdrawal from coal-based risks

In its underwriting policy for coal-based risks, under which the general principle is that reinsurance will no longer be provided for any planned new coal-fired power plants and mines, Talanx AG explicitly allows for exceptions. These relate to countries in which coal accounts for a particularly large share of the energy mix and in which sufficient access to alternative energy sources is not available.

At the last annual general meeting, Talanx AG confirmed that these exceptions e.g. apply to his business in Poland, where there are still new mines and Coal-fired power plants are planned. In order to achieve the climate targets, the EU must phase out coal by 2030 - planning, construction and commissioning new coal-fired power plants or coal mines obviously run counter to this.

In this light, the overall end of coal insurance by 2038 is too late. Coal infrastructure such as rail lines or ports that only serve the transportation of coal have so far not been covered by the underwriting policy and can therefore be insured by Talanx AG. Talanx AG's minority subsidiaries are not committed to the policy. The Vietnamese insurer PVI can thus continue to insure new coal-fired power plants. At these points, the underwriting policy needs to be rectified and the existing loopholes need to be plugged.

Lack of transparency in the fulfilment of duties of care with respect to human rights

In the financial year 2019 the Board of Management finally adopted a group-wide code of conduct for business partners. However, self-disclosure from suppliers and an undefined "application-based procedure" are not sufficient to transparently demonstrate whether or how human rights risks are identified, assessed and minimized. In particular this applies to the reinsurance of large industrial projects by Hannover Re. Talanx AG thereby falls short of the requirements of the UN Guiding Principles on Business and Human Rights (UNGPs) for business activity.

Therefore there is an urgent need for robust, transparent and risk-appropriate criteria in the policy for reinsuring dams associated with hydropower plants and for tailings in the mining industry. Particularly in these cases, preventable disasters occur again and again in Latin America, a region which is so important to Talanx AG.

Management's response:

In our assessment, the countermotions are unfounded. We therefore recommend voting YES to Item 2 on the Agenda and thus in favour of the proposal of the Board of Management and Supervisory Board for the appropriation of disposable profits as well as voting YES to Item 3 on the Agenda and thus in favour of ratifying the management actions of the members of the Board of Management for the 2018 financial year

Hannover, 23 April 2020