



2018

Sustainability Report 2018

talanx.

Insurance. Investments.

HIGHLIGHTS



Talanx acquires additional electric vehicles (e-smarts) for trips between sites [page 13](#)

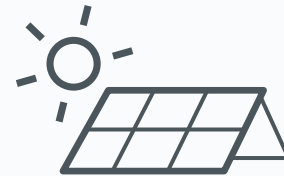


Talanx conducts second comprehensive stakeholder poll on environmental, social and governance aspects [page 14](#)

HDI Assicurazioni launches “Easy PIR”, an individual savings plan that invests in sustainable Italian companies and aims at medium- to long-term capital accumulation [page 30](#)

434
METRIC TONS
OF CO₂

GOGREEN helps protect the climate: carbon-neutral delivery of roughly 14.98 million pieces of mail offsets around 434 metric tons of CO₂ [page 63](#)



Approx. EUR 2.1 billion invested in infrastructure projects at the end of 2018, roughly EUR 1.3 billion of it is in the area of renewable energy sources [page 32](#)

Talanx Group forms TAUVE e.V. (Talanx Unterstützungsverein)

[page 53](#)



The purchasing organisation’s “Green Office” catalogue supports the Group’s sustainability strategy [page 66](#)

Talanx Group accelerates its sustainable investments by adding coal criterion to ESG screening [page 30](#)



Talanx Values Award

The third Talanx Values award for exemplary behaviour is presented in 2018. It is won by the liability, accident, property, and motor vehicle claims team [page 20](#)

49 Team Talanx in 2018: 2,160 employees compete in 49 sponsored sports events [page 54](#)

6


Sustainability report now includes another six international companies/branches [page 71](#)



386 employees from our Cologne, Hamburg, Hannover, Hilden and Stuttgart sites cycle a total of 83,428 kilometres in CITY CYCLING competition, saving roughly 11.8 metric tons of CO₂ [page 62](#)

HDI Service AG’s Hannover site obtains certification from the ÖKOPROFIT environmental consulting programme [page 67](#)

AT A GLANCE

The following list of indicators covers both topics identified in the  materiality analysis (page 16 ff.) and topics otherwise relevant for the Talanx Group.

T1 FINANCIAL, ENVIRONMENTAL AND EMPLOYEE INDICATORS

Indicator	Unit	2018	2017
Financial indicators and metrics			
Gross written premiums	EUR MILLION	34,885	33,060
Operating result (EBIT)	EUR MILLION	2,032 ¹⁾	1,807
Group net income	EUR MILLION	703 ¹⁾	672
Return on equity	%	8.0	7.5
Investments under own management	EUR MILLION	111,868	107,881
Number of employees ²⁾	HEADCOUNT	22,193	21,604
Shares in free float	%	21.0	21.0
Gross written premiums (primary insurance)	EUR MILLION	16,212	15,900
Report's coverage of the Talanx Group			
Percentage of Talanx Group employees covered	%	74.0	57.7
Talanx Group gross premiums covered	%	37.5	32.1
Talanx Group gross premiums for primary insurance covered	%	80.8	66.7
Compliance and Transparency			
Employees covered by the Code of Conduct	%	100.0	100.0
Female members of Talanx AG's Supervisory Board	%	31.3	25.0
Female members of Talanx AG's Board of Management	%	0.0	0.0
Female members of boards of management/managing directors of Talanx Group companies ³⁾	%	11.2	6.0
Investment and Insurance Products			
Volume of infrastructure investments	EUR BILLION	~ 2.1	~ 2.0
Work and Employees⁴⁾			
Total continuing professional development days	DAYS	23,000	19,750
Continuing professional development days per employee	DAYS	2.5	2.3
Management positions filled internally	%	76.2	64.8
Employee turnover	%	8.5	7.2
Length of service	YEARS	15.4	15.1
Female employees in Group ⁵⁾	%	50.7	50.4
Women in management positions in Group ⁵⁾	%	29.5	29.0
Retention rate 12 months after return from parental leave	%	93.7	92.9
Days lost	%	7.0	6.4
Day-to-day Operations and Procurement⁶⁾			
Energy consumption per employee	MWH	22.8 ⁷⁾	—
Paper consumption per employee	KILOGRAMS	42.7 ⁸⁾	—
Water consumption per employee	LITRES	8,508.0 ⁹⁾	—
Business travel and trips in company cars	MILLIONS OF KM	116.6 ¹⁰⁾	—
Business travel and trips in company cars per employee	KM	8,152.8 ¹⁰⁾	—
Total CO ₂ emissions (Scope 1 + 2 + 3)	METRIC TONS OF CO ₂ E	93,443.6 ¹¹⁾	—
CO ₂ emissions (Scope 1 + 2 + 3) per employee	METRIC TONS OF CO ₂ E	6.4 ¹¹⁾	—

¹⁾ Adjusted in accordance with IAS 8, see the "Accounting Policies" section of the Group Annual Report 2018.

²⁾ Covers the active core workforce and inactive employment relationships (not including people in the passive partial retirement phase).

³⁾ Covers the entire Talanx Group (including the Hannover Re Group), as in the previous year. Members of the Board of Management with multiple functions are only counted once.

⁴⁾ Unless otherwise stated, this covers the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement) in Germany, with the exception of the Hannover Re Group.

⁵⁾ Covers the entire Talanx Group (including the Hannover Re Group), as in the previous year.

⁶⁾ The environmental data reported for 2018 cannot be compared with the prior-year figures, due to the significant expansion in the report boundary. The sometimes pronounced increases in consumption, business travel and CO₂ emissions are due in particular to the integration of further Group companies/branches, some of which are of a large size. Significant local differences exist in occasional cases and will be analyzed from now on in the course of the reporting process.

⁷⁾ No heating consumption data are available for the reporting period for Belgium, Brazil, Chile, France or Mexico.

⁸⁾ Covers the Talanx Group companies in Germany (with the exception of the Hannover Re Group), as well as Italy, Austria and Poland.

⁹⁾ The data covers 100% of the companies captured.

¹⁰⁾ Company cars: no 2018 data available yet for Belgium, Chile, Mexico; air: no 2018 data available yet for Chile, Mexico; rail: no 2018 data available yet for Belgium, Brazil, Chile, Mexico.

¹¹⁾ Belgium and Chile are not included in the Scope 1 emissions reported for 2018; the Scope 2 emissions cover Germany, Italy, Austria and Poland; the prior-year figures cover the Talanx Group companies in Germany (with the exception of the Hannover Re Group), as well as Italy, Austria and Poland.

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 Sustainability goal

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TORSTEN LEUE
Chairman

Ladies and gentlemen,

¹ For us as a global insurance group, climate protection is a key factor in our business. We pay out hundreds of millions of euros every year to customers to compensate for losses incurred during natural disasters such as storms and torrential rain. Climatologists are forecasting that these disasters will occur more frequently, and be more severe, in future. Protecting the climate is therefore a material element of our sustainability activities and we support the 2-degree target set out in the Paris Agreement on climate change and the long-term transition to a low-emissions economy. We will contribute to this in three ways – through our investments, by underwriting risk, and through environmental management – and will steadily expand our activities in these areas.

One important aspect of this is to systematically enhance the sustainability screening process that we use for our investments. This is why we extended our catalogue of screening criteria at the end of 2018 to include a coal criterion: as a matter of principle, we no longer invest in companies whose revenues are based more than 25% on coal, or that generate more than 25% of their power from coal. In addition, we have continued to expand our investments in infrastructure projects. As at the end of 2018, the Talanx Group had invested a total of approximately EUR 2.1 billion in infrastructure projects. More than EUR 1.3 billion of this figure is attributable to renewable energies. Such investments allow us, as an insurer, to exert a not insignificant positive influence on the environment and we aim to continue expanding them in future.

In addition, sustainability aspects are directly relevant to our insurance products at both a strategic and an operational level. With respect to our insurance activities, this relates in particular to insurance solutions such as

those provided for renewable energies and decarbonisation technologies. In April 2019, we defined our underwriting strategy for coal-related risks. In addition to the restrictions it has introduced on investments, the Talanx Group will no longer underwrite any new risks for planned coal-fired power stations or coal mines with immediate effect. As an exception to this rule, we shall offer limited, case-by-case insurance cover in those economies that are highly dependent on coal as a source of energy and in which insufficient renewable energies are available. Since coal can only be phased out responsibly in the medium to long term, we aim not to have any coal-fired power stations or coal mines in our portfolio by 2038. As you can see, we are systematically expanding our contribution to climate protection.

We also updated and expanded our initial stakeholder survey, which we conducted in 2014, in the reporting period. The topics that are relevant for our sustainability reporting were identified using an internal survey of stakeholders within the Group and an online survey of external ones, as well as supplementary telephone interviews with experts. The aim was to achieve a balanced mix of opinions that allowed us to incorporate a wide range of stakeholder perspectives – including from outside Germany.

This Sustainability Report 2018 is the fourth time in which we have presented our social and ecological activities and achievements, and governance topics at our company. We are continuously expanding our reporting, with this year's report covering Group companies and branch offices in Brazil, Chile, Mexico, Belgium, France and the Netherlands for the first time. As you will see, our Company has also looked in depth at the United Nations' Sustainable Development Goals (SDGs), which are an important starting point for our sustainability strategy.

We welcome your feedback on our new sustainability report and look forward to a fruitful discussion.


I wish you a pleasant and informative read.

*Yours sincerely,
Torsten Leue*

Torsten Leue

¹ 102-1 | 102-14

1 ORGANISATIONAL PROFILE

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 The Talanx Group is a multi-brand provider in the insurance and financial services sector. It had 22,193 employees worldwide as at the end of 2018 (previous year: 21,604).¹⁾ The Group parent is financial and management holding company Talanx AG, which is based in Hannover, Germany, and which has been listed since 2012. HDI V. a. G., a mutual insurance company formed over 110 years ago, is the majority shareholder in Talanx AG with an interest of 79.0%. As in the previous year, 21.0% of the shares are in free float.

 In financial year 2018, the Talanx Group generated Group net income of EUR 703 (671²⁾) million. Gross written premiums for the Group amounted to EUR 34.9 (33.1) billion. The operating result (EBIT) rose by 12% to EUR 2.0 (1.8) billion.


Additional information on Talanx's business development, size and directly generated and distributed economic value can be found in the  Group Annual Report 2018:

- for Talanx's premium volumes and the results of its segments and individual markets, see the "Business development" section on page 32ff.
- for its total assets including information on liabilities and equity, see the consolidated balance sheet of Talanx AG on page 138f.
- for information on Talanx's shares, see the "Talanx Shares" chapter on page 16ff. and the "Earnings per share" section on page 241f.
- for information on administrative expenses, see Note 32, "Acquisition costs and administrative expenses", on page 231
- for information on personnel expenses see Note 33, "Other income/expenses", on page 232
- for information on interest and dividends paid see the consolidated cash flow statement of Talanx AG on page 144
- for the reported tax expense see Note 35, "Taxes on income", on page 232

 Material changes in the size, structure and nature of ownership of the Talanx Group in the financial year are described in the  Group Annual Report 2018; see among other things the sections entitled "Foundations of the Group" (page 20ff.) and "Business development" (page 32ff). No significant changes in the structure of the supply chain or in supplier relationships could be ascertained in the past financial year.

DIVISIONS, PRODUCTS AND BRANDS

 Talanx is represented by its own companies or branches on all continents of the world. The Group has business relationships with primary insurance and reinsurance customers in more than 150 countries. A list of all entities included in the consolidated financial statements is provided in the  "List of shareholdings" on page 245ff. of the Group Annual Report 2018.

 Talanx's Group structure is shown on the inside back cover. The Talanx Group has three primary insurance divisions, each of which spans various lines of business: Industrial Lines, Retail Germany (which comprises the property/casualty and life insurance lines) and Retail International. The Reinsurance Division consists of the Non-Life Reinsurance and Life/Health Reinsurance segments and is operated by the Hannover Re Group.

In contrast to the six operating segments, the Corporate Operations segment encompasses management and other functional activities that support the Group's operations. It comprises Talanx AG, which primarily performs strategic tasks and does not have any operating activities of its own, the in-house service companies HDI Service AG (Talanx Service AG) and HDI Systeme AG (Talanx Systeme AG), the reinsurance broker Talanx Reinsurance Broker, Talanx Reinsurance (Ireland) Limited and the Group's Asset Management arm, which consists of Ampega Asset Management GmbH (Talanx Asset Management GmbH), Ampega Investment GmbH and Ampega Real Estate GmbH (Talanx Immobilien Management GmbH).

¹⁾ This figure covers the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included. The total number including casual workers is 22,642 (22,059). Gender-neutral language has been used throughout this report.

²⁾ Adjusted in accordance with IAS 8; see the "Accounting Policies" section of the Notes in the Group Annual Report 2018.

The Group's key brands include both Talanx and the traditional brand HDI. This is used by companies in the industrial insurance and retail businesses both in Germany and abroad (e.g. HDI Seguros and HDI Sigorta). We renamed a number of divisional Group companies and service companies in January 2019 as part of our new brand strategy in order to continue raising the profile of our "HDI" Group brand with its long tradition; for further details, see the Group Annual Report 2018, page 245ff. (List of shareholdings).

Other noteworthy brands are Hannover Re and E+s Rück, Ampega, TARGO insurers, PB insurers, neue leben insurers and LifeStyle Protection. In Poland, WARTA and TU Europa are important brands, as are Posta Biztosító in Hungary and CIV life in Russia.

The Group companies operate the insurance lines and classes specified in the Regulation on Reporting by Insurance Undertakings to the Federal Financial Supervisory Authority; this takes the form of direct written insurance business in some cases and of reinsurance in others. They focus on a number of areas. For details, please see the "Business model" section of the Group Annual Report 2018 (page 20).

As a listed insurance group, Talanx complies with national and international laws and does not distribute any products or services that are banned in certain markets. We have established an ESG¹⁾ screening process for our investments, which we use as a basis for decisions to divest controversial holdings in a manner that does not disrupt the markets (page 30f.).

Further information on the Talanx Group's divisions can be found in the "Group structure" section of the Group Annual Report 2018 (page 22f.).

VALUE CHAIN

Figure 1 shows the key elements of the Talanx Group's value chain in simplified form. For reasons of clarity, the diagram concentrates on the operational aspects of the insurance business. In addition, the Group provides other services, such as recommending and implementing loss prevention measures, reinsurance advice and intermediation, and claims management services.

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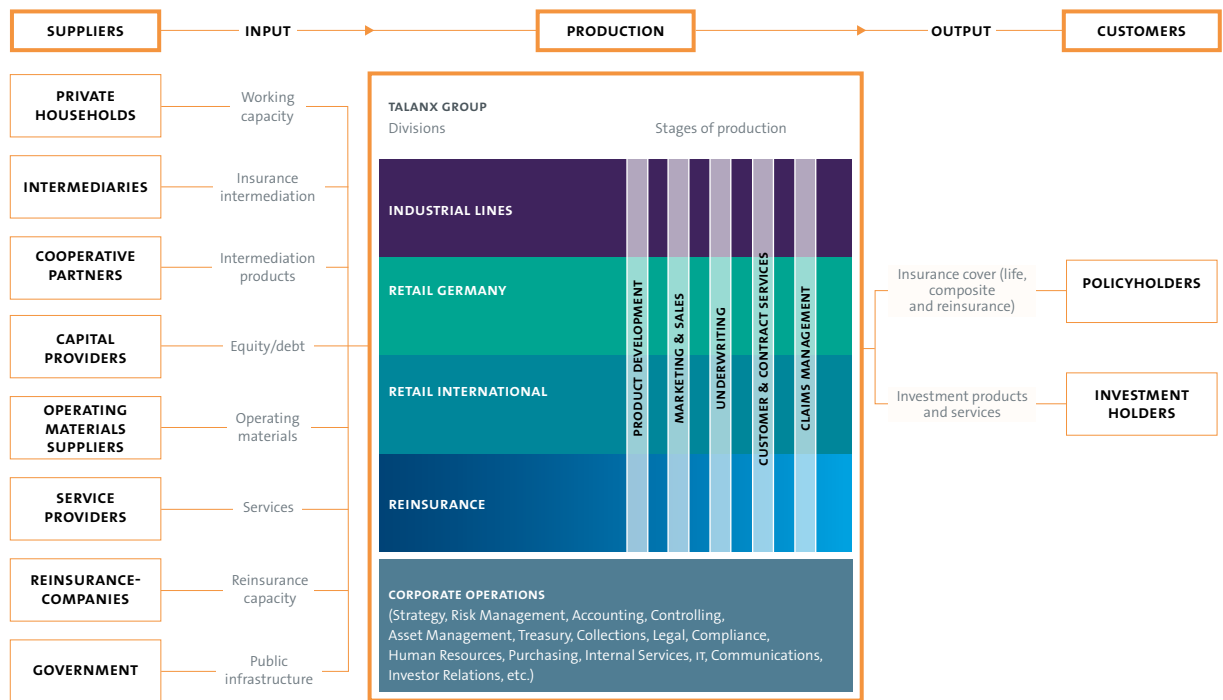
Talanx brands

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F1 THE TALANX GROUP'S VALUE CHAIN



¹⁾ ESG: Environmental, social and governance.

The Talanx Group requires production inputs, which are listed under Inputs in the diagram, for the Production of insurance cover and other (financial) services. Apart from operating materials and capital, the main inputs are services, such as the labour provided by the workforce and reinsurance capacity. Other Suppliers of services include, for example, appraisers and claims handlers, refurbishment companies, waste disposal companies and lawyers. Suppliers that act as intermediaries for insurance products (Outputs) are listed separately under Intermediaries.

The value chain for the insurance business has a few features not found in other sectors. Particularly noteworthy is the fact that the “product”, insurance protection, is the result of a number of simultaneous or successive internal and customer-related processes. Another unique aspect is that insurance customers contribute to the production process, for example because policyholders have to provide information or are involved in claims processing.¹⁾

The different stages of Production at the Talanx Group are modelled using the following five steps: “product development”, “marketing & sales”, “underwriting”, “customer & contract services” and “claims management”. Group functions and departments contribute to implementing these steps. The Hannover Re Group largely has its own functions and structures.

A clear distinction cannot always be made between the individual production stages, players and outputs, especially since there are differences between the divisions. For example, in industrial insurance and reinsurance, rates are set in the course of the underwriting process, whereas in retail insurance this is done by the product development function. Customer & contract services generally refers to the management of written insurance policies. In addition, the above-mentioned intermediaries – brokers, agents and banking partners – market insurance cover or investment products to customers, while this activity is also performed by the Company’s sales function. As a result, marketing and sales activities are performed in several different places.

The value chain is also mentioned in the [“Identifying sustainability topics”](#) section, where it is used to determine the boundaries between individual topics (page 14ff.).

CORPORATE GOVERNANCE

Talanx AG, a listed company based in Hannover, is governed by German stock corporation and capital markets law, as well as by the law on co-determination. The Company’s governance structure consists of three governing bodies: the Board of Management, the Supervisory Board and the General Meeting. The duties and powers of these bodies are defined by law, by Talanx AG’s Articles of Association and by the Rules of Procedure for the Board of Management and the Supervisory Board.

Further information on corporate governance can be found in the Company’s [Corporate Governance Principles](#), its [Articles of Association](#) and the [Group Annual Report](#). The following sections provide specific references to the individual topics.

DUTIES AND POWERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

BOARD OF MANAGEMENT


- Corporate Governance Principles, section IV
“Cooperation between the Board of Management and the Supervisory Board”
- Articles of Association of Talanx AG, section III
“Board of management”.

SUPERVISORY BOARD

- Corporate Governance Principles, section VI
“Supervisory Board”
- Articles of Association of Talanx AG, section IV
“Supervisory Board”

COMMITTEES

- Corporate Governance Principles, section VI
“Supervisory Board”
- “Supervisory Board” section of the corporate governance report on page 84f. of the Group Annual Report 2018, and “Supervisory Board Committees” section on page 10ff. of that document

 [Corporate Governance Principles](#)

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¹⁾ See Dieter Farny, 1989, “Versicherungsbetriebslehre” (Insurance Management), Verlag Versicherungswirtschaft, Karlsruhe, page 133.

1  **NOMINATION AND SELECTION PROCESSES FOR THE HIGHEST GOVERNANCE BODY**

BOARD OF MANAGEMENT

- Corporate Governance Principles, section v “Board of Management”
- Articles of Association, section III “Board of Management”
- “Board of Management” section of the corporate governance report on page 84 of the Group Annual Report 2018
- Section of the corporate governance report entitled “Target figures in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG” in the Group Annual Report 2018, page 83

SUPERVISORY BOARD

- Corporate Governance Principles, section v1 “Supervisory Board”
- Articles of Association, section IV “Supervisory Board”
- “Supervisory Board” section of the corporate governance report in the Group Annual Report 2018, page 84f.

TENURE OF THE GOVERNING BODY

- Corporate Governance Principles, section v1 “Supervisory Board”
- Articles of Association of Talanx AG, section IV “Supervisory Board”

2  **AVOIDANCE OF CONFLICTS OF INTERESTS**

- Corporate Governance Principles, section v “Board of Management” and section v1 “Supervisory Board”

3  **REMUNERATION OF MEMBERS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD**

BOARD OF MANAGEMENT

The full Supervisory Board resolves on the remuneration of the Board of Management.

- Corporate Governance Principles, section v “Board of Management” and section v1 “Supervisory Board”
- “Remuneration of the Board of Management” section of the remuneration report in the Group Annual Report 2018, page 89ff.

SUPERVISORY BOARD



The General Meeting resolves on the remuneration of the Supervisory Board.



- Corporate Governance Principles, section v1 “Supervisory Board”
- “Supervisory Board Remuneration” section of the remuneration report in the Group Annual Report 2018, page 102ff.



4  **CURRENT COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD**

Talanx AG’s Board of Management had six members as at 31 December 2018. Torsten Leue has been the Board’s Chairman since May 2018 (see also the “Board of Management” section of the  Group Annual Report 2018 (page 8) and the Talanx website .


Information on diversity among the governing bodies and the workforce, and on the Group’s diversity policy, can be found in the sections of the corporate governance report entitled “Target figures in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG” and “Diversity Concept – Targets for Board of Management and Supervisory Board Composition and Status of Implementation” on pages 83 and 86 of the Group Annual Report 2018.

The Supervisory Board had eleven male and five female members as at 31 December 2018. Three of the female Supervisory Board members are employee representatives and two are shareholder representatives. Herbert K Haas has been the Chairman of the Supervisory Board since May 2018 (see also the “Supervisory Board” section of the  Group Annual Report 2018 (page 9) and the  website).

The members of the committees are given in the “Supervisory Board Committees” section of the  Group Annual Report 2018 (page 10), and on the  website. The website also provides information on Supervisory Board members’ memberships of other supervisory boards or comparable governing bodies.

The Chairman of the Supervisory Board does not have an executive role, because Talanx AG has a dual-board system of corporate governance under which oversight and management are separated (see also the “Declaration on corporate governance and corporate governance report” on page 82ff. of the  Group Annual Report 2018 and the  declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG).

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 Management

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 Management

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 Declaration of conformity

2 SUSTAINABILITY STRATEGY AND MANAGEMENT

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Sustainable Development Goals

For the Talanx Group, sustainability means recognising the limits to what our planet and the people living on it can take. We are confronted every day with the social and ecological challenges of our time, and especially with climate change and demographic developments. For example, these impact our core business as a primary insurer and reinsurer, as well as the labour market as a whole, in many different ways. By expanding our corporate management and corporate governance to include ecological and social topics, we can help to preserve the planet as a place worth living in both for ourselves and for generations to come, and to ensure the company's future success. As an international insurance group and a long-term investor, we are therefore committed to responsible corporate governance and corporate management based on sustainable value creation. This report aims to describe how we ensure we can continue to deliver tomorrow by taking a forward-looking approach to what we do today.

As a global insurer, we also actively contribute to achieving global sustainability goals: the United Nations' Sustainable Development Goals (SDGs), which came into force in 2016, comprise 17 concrete targets designed to make the world a more sustainable and fairer place in the period up to 2030. Talanx already made an initial selection among the SDGs in the past reporting period and intensified its work on them in 2018 (see below).

SUSTAINABILITY STRATEGY

¹ Our sustainability strategy was derived from the Group's overarching strategy and is aligned with the Group's mission statement and values. It comprises concrete action areas, goals and measures and serves to align our operations with ecological and social challenges – in conformity with the UN Global Compact (UNGC)'s Ten Principles and taking the UN Sustainable Development Goals (SDGs) into account. In addition, our sustainability strategy and sustainability management activities are based on our stakeholders' requirements and interests. We define stakeholder groups as groups of people who make demands on, or have an interest in, the Talanx Group, and who can affect its performance or who are directly affected by its actions.¹⁾ In particular, our actions impact our key stakeholder groups, which are also explicitly mentioned in Talanx's strategy (see also the "Strategy" section of the Group Annual Report 2018, page 24f). These include our customers, business partners, investors and employees. At the same time, we also acknowledge that we have a responsibility towards society as a whole and aim to minimise any negative effects. This is why, in addition to these key stakeholders and non-governmental organisations (NGOs), politicians, the media, association representatives and academics also play important roles (Figure 2). We engage in a regular, open and transparent dialogue with them (page 17).

THE TALANX GROUP'S TOP FIVE SDGS



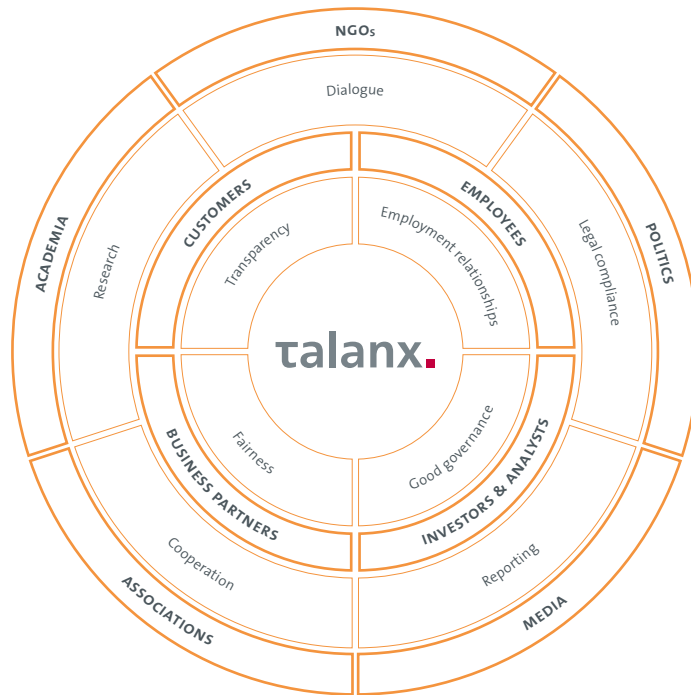
The twelve SDGs that we selected were examined in more detail and assigned priorities during the reporting period at an internal workshop in which a number of end-user departments took

part. Examining the impact of our action areas on the SDG targets allowed us to identify five SDGs that are particularly relevant for Talanx. In descending order of importance, these are

SDG 9 (Industry, Innovation and Infrastructure), SDG 13 (Climate Action), SDG 8 (Decent Work and Economic Growth), SDG 7 (Affordable and Clean Energy) and SDG 1 (No Poverty).

¹⁾ See R. Edward Freeman, 1984, Strategic Management: A Stakeholder Approach. Pitman, Boston, page 46.

F2 THE TALANX GROUP'S STAKEHOLDERS



For further information on our stakeholder survey, our stakeholder dialogue and on how Talanx’s material sustainability topics are determined, see the [📄](#) section entitled “Materiality analysis” (page 14).

ACTION AREAS

In addition to the overarching areas of [📄](#) “Sustainability Strategy and Management” (page 9) and [📄](#) “Dialogue and Reporting” (page 16), the Talanx Group’s sustainability strategy covers the five action areas shown in Figure 3.

F3 THE TALANX GROUP'S SUSTAINABILITY STRATEGY – ACTION AREAS



COMPLIANCE AND TRANSPARENCY

The Compliance and Transparency action area is an interdisciplinary function covering adherence to statutory, legal and regulatory requirements and to the Company's own Code of Conduct throughout the Group and across all action areas. Both the trust placed in the Talanx Group and its competitiveness depend on this foundation for legally correct, responsible and ethical conduct. In addition to topics such as anti-money laundering and anti-corruption, it covers data protection/cybersecurity and tax compliance, for example. The Talanx Group wishes to be transparent about these and other topics. Talanx has identified particular impacts on the targets for three of the five SDGs that it has prioritised in the Compliance and Transparency action area. These are SDG 1 (No Poverty), SDG 9 (Industry, Innovation and Infrastructure) and SDG 13 (Climate Action), see also [page 26](#).

INVESTMENT AND INSURANCE PRODUCTS

Within the Talanx Group, the main areas of our business activities in which sustainability needs to be taken into account are our investments and insurance products. For this reason, our long-term goal is to take sustainability criteria into account in our investments, insurance products and services. Topics such as transparency, easy-to-understand information and fair advice play an important role here. In the Investment and Insurance Products action area, Talanx has identified particularly significant impacts on the targets for all of the five SDGs that it has prioritised. These are SDG 1 (No Poverty), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 13 (Climate Action), see also [page 40](#).

WORK AND EMPLOYEES

The Work and Employees action area reflects our desire to take the interests of our employees into account and to be an attractive employer and training provider. The Talanx Group actively encourages and supports employee training and development. It promotes diversity and equal opportunities, e.g. by taking measures aimed at specifically increasing the proportion of women in management positions. In this action area, Talanx has identified particular impacts on the targets for three of the five SDGs that it has prioritised. These are SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 13 (Climate Action), see also [page 56](#).

DAY-TO-DAY OPERATIONS AND PROCUREMENT

The goal of the Day-to-Day Operations and Procurement action area is to organise our daily business and purchasing activities in a sustainable manner. This includes, for example, using resources sparingly, sourcing environmentally friendly products, respecting employee and human rights (including along the supply chain), and reducing our direct and indirect greenhouse gas (GHG) emissions. We also want to encourage Talanx employees to conserve resources and take sustainability into account in their day-to-day activities, e.g. during business trips. In this action area, Talanx has identified particular impacts on the targets for two of the five SDGs that it has prioritised. These are SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation and Infrastructure), see also [page 66](#).

CORPORATE CITIZENSHIP

The Corporate Citizenship action area helps us meet a key component of our social responsibility by actively promoting the common good and supporting selected charitable projects and initiatives. Currently, the Talanx Group and especially the foundation established for this purpose are involved in education and training activities at our Hannover location and beyond. No SDGs were selected for the Corporate Citizenship action area since Talanx has only identified minor impacts on the targets for the SDGs it has prioritised.

OUR SUSTAINABILITY GOALS

The Talanx Group sets itself goals in the action areas making up its sustainability strategy. While some goals can only be achieved in the long term, other steps can be taken more quickly and in some cases have already been reached. Table 2 gives an overview of the current sustainability goals that have been approved by the Board of Management for the relevant action areas and their status. Prior-year goals that have already been achieved have been deleted from the list in order to improve legibility. The current status of the goals is reviewed, and an assessment made as to whether to add new ones, on an annual basis. In future, the baseline year/comparative year for the goals will normally be the 2015 reporting period, the year in which Talanx's first sustainability report was published.

T2 THE TALANX GROUP'S SUSTAINABILITY GOALS¹⁾

Goal	Measure	Scope	Deadline	Status
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Strategy and Governance |  page 8



Strategic goal: Enhance the sustainability strategy and extend sustainability management within the Talanx Group				
Continuously review the sustainability strategy and the strategic action areas	Address the UN Sustainable Development Goals (SDGs) internally and integrate these with the sustainability strategy		2019	In process
	Develop a sustainability programme comprising short-, medium- and long-term goals; successively integrate additional subsidiaries with the goals process		Ongoing	In process
	Successively implement the sustainability strategy in our core markets		Ongoing	In process
Optimise sustainability management	Examine whether to sign up to the UN Global Compact		Ongoing	In process
	Examine whether to sign up to the UN Principles for Responsible Investment (PRI)		Ongoing	In process

Dialogue and Reporting |  page 14



Strategic goal: Expand sustainability reporting and intensify stakeholder dialogue				
Prepare an annual sustainability report in accordance with the GRI Standards	Expand the sustainability information available on the Talanx website		Ongoing	In process
	Successively extend reporting to companies in the target regions		Ongoing	In process
	Enhance and optimise sustainability reporting in accordance with the GRI Standards		Ongoing	In process
Regularly perform stakeholder dialogue and materiality analyses	Optimise materiality analysis processes		2018	Done
	Examine greater cooperation with a key stakeholder		2019	In process
Enhance attractiveness for value investors and sustainability-oriented investors by participating in major ESG ratings	Inclusion in at least one recognised sustainability index		Ongoing	In process

T2 THE TALANX GROUP'S SUSTAINABILITY GOALS¹⁾

Goal	Measure	Scope	Deadline	Status
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Compliance and Transparency |  page 20



Strategic goal: Transparency; incorporate sustainability criteria into Compliance Guidelines				
Review Compliance Guidelines for sustainability criteria and incorporate as appropriate	Expand compliance management system to include Group-wide integrity management		2020	In process

Investment and Insurance Products |  page 28



Strategic goal: Include sustainability criteria in investments, insurance products and services				
Check sustainability criteria when selecting investments	Continuously review and, where appropriate, fine-tune sustainability approach applied in asset management		Ongoing	In process
Increase infrastructure investments	Continue sectoral diversification of infrastructure portfolio		Ongoing (long-term goal)	In process

Work and Employment |  page 42



Strategic goal: Transparency; incorporate sustainability criteria into human resources work				
Review human resources guidelines for sustainability criteria and incorporate these as appropriate	Analyse/review existing guidelines for sustainability criteria	Germany	Ongoing	In process
Diversity/increase proportion of women in management positions	In future, recruit women to at least 25% of vacant management positions at all levels of the hierarchy in Germany	Germany	Ongoing	In process
	Recruit women to at least 35% of management positions	WARTA Group	Ongoing	In process
Promote employee health	Roll out employee health days/health management to locations	Germany	Ongoing	In process

T2 THE TALANX GROUP'S SUSTAINABILITY GOALS¹⁾

Goal	Measure	Scope	Deadline	Status
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Day-to-day Operations and Procurement |  page 58



Strategic goal: Promote sustainability-driven procurement and day-to-day operations, reduce CO ₂ emissions				
Take sustainability management criteria into account more in procurement	Develop and successively implement a uniform Group Code of Conduct for Suppliers in the appropriate languages		2018	In process
	Review, develop and successively implement a procedure for selecting and assessing suppliers in accordance with environmental and social standards		Ongoing	In process
	Healthy, sustainable, regionally sourced food for employees	Germany	2018	Done
Reduce CO ₂ emissions and consumption of energy and resources	Successively migrate to renewable energies	Germany	2018 onwards	Implementation ongoing
	Optimise energy consumption by adjusting timer programmes, using efficient LED lighting in all buildings owned by Talanx and making greater use of occupancy detectors in offices (implementation of measures identified in the energy audit)	Germany	approx. 2026	In process
	Step up internal communication on cutting energy and paper consumption in the workplace (continuously raise employee awareness of sustainability)	Germany	Ongoing	In process
	Systematically replace old equipment by next-generation versions, e.g. energy-efficient, environmentally friendly refrigerators and air conditioning units	WARTA Group	Ongoing	In process
Expand and promote corporate environmental protection	Successfully pass commission audit for the "ÖKOPROFIT" project sponsored by the City and Region of Hannover	Germany, Hannover	2019	Done
Expand and promote sustainable mobility policies	Completely replace the vehicle fleet with vehicles that comply with the Euro 5 or Euro 6 standards	WARTA Group	Ongoing	In process
	Retire E4 vehicles from Internal Services vehicle pool	Germany	2018	In process
	Use electric Smarts for city trips in Hannover, Cologne, Hamburg and Dortmund in order to reduce pollutant emissions	Germany	2017	Done
	In a pilot project at our central location in Hannover, employees with electric vehicles or e-bikes will be offered the opportunity to charge these at charging towers or charging stations	Germany	2017	Done
	Driving training for company car users in order to promote economical driving and hence reduce fuel consumption, among other things	WARTA Group	Ongoing	Pilot being continued

Corporate Citizenship

Strategic goal: Develop and implement a strategy for social and local commitment				
Establish Group-wide corporate citizenship guidelines/strategy	Enhance social commitment policy		Ongoing	In process
	Expand reporting on social commitment and donations, including integration of foreign companies		Ongoing	In process
	Group-wide documentation of sustainability projects		Ongoing	In process

¹⁾ Unless otherwise stated, the goals given in the "Strategy and Governance", "Dialogue and Reporting", "Compliance and Transparency", "Investment and Insurance Products" and "Corporate Citizenship" action areas apply to the Group as a whole (not including the Hannover Re Group). In contrast, the "Day-to-Day Operations and Procurement" and "Work and Employees" action areas are determined on a regional basis; their scope is indicated as appropriate.

MATERIALITY ANALYSIS

¹ 102-40 | 102-43
102-46

GRI Standards

¹ In keeping with the GRI Standards and the German CSR Directive Implementing Act (CSR-RUG), our sustainability report is based on a materiality analysis. We updated and expanded our initial stakeholder survey, which we conducted in 2014, in the reporting period, in order to identify the sustainability topics and challenges that are material for the Talanx Group.

These topics were identified in 2018 using an internal and an external online stakeholder survey, as well as telephone interviews with experts that were conducted in close cooperation with an external partner.

The internal survey investigated a variety of potential material aspects in relation to three categories – “relevance from our own perspective”, “impacts” and “relevance to our business” – and ranked them for importance on a scale from 1 to 7. External stakeholders were asked to use the same scale to assess the various aspects from their own individual perspectives. Issues that received an average score of 5.0 or more in the evaluation were classified as “material”. After this, the stakeholder groups surveyed were ranked on a scale of 1 to 7 (very low relevance to extremely high relevance) in an internal workshop involving the Sustainability Competence Team. A weighting was used when evaluating the surveys to take the relevance of the stakeholder groups into account. The results of the surveys were validated in an internal workshop and formally resolved by members of the Talanx Group’s Board of Management.

According to the materiality analysis performed, the material topics correspond both to the GRI’s definition of materiality and to the criterion of “double materiality” set out in the CSR-RUG. Material topics are used both as input for producing the sustainability report and as a key component in enhancing our sustainability strategy and our sustainability goals.

IDENTIFYING SUSTAINABILITY TOPICS

As set out in the GRI Standards, the first step in defining the report content was to draw up a comprehensive list of sustainability topics for potential inclusion in Talanx’s sustainability strategy and sustainability report. This list was compiled using a broad range of sources, including

- Initiatives such as the UN Global Compact with its Ten Principles on human rights, labour, the environment and anti-corruption,
- Information requirements for environmental, social and governance (ESG) ratings,
- The GRI Standards and the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK)
- Specialist literature, the latest research results and studies.

The different topics were assessed by the Group-wide Sustainability Competence Team to establish their significance for the activities, products and services generated by the divisions, Corporate Operations and locations. Topics identified as relevant were taken into account when developing the internal and external questionnaires that Talanx used for the stakeholder survey.

HDI

IN BRIEF

Company name and domicile:

HDI Seguros S.A. de C.V., Leon, Mexico

Number of employees: 1,370

HDI Seguros in Mexico is developing a CSR strategy that aims to align social and environment responsibility with its business activities. The cornerstones of this strategy include:

- Aligning the strategy with existing social responsibility programmes
- Basing it on ISO 26000
- Developing a volunteering program

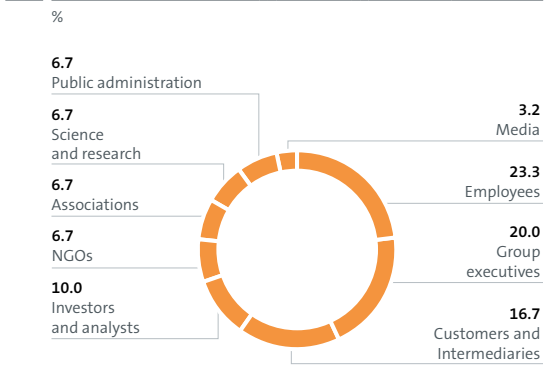
STAKEHOLDER SURVEY AND PRIORITISATION OF TOPICS

¹ The main way in which we include our interest groups' opinions is via our stakeholder surveys, which we conduct regularly to identify material topics for our sustainability strategy and sustainability report. Additionally, we take part in a number of ESG rating processes that are specifically tailored to sustainability-conscious investors and analysts. In the reporting period, these included the CDP (formerly the Carbon Disclosure Project), Vigeo Eiris, Sustainalytics and iss-oekom ratings.

The stakeholder groups to be surveyed were defined in advance. The aim was to achieve a balanced mix of opinions that enabled a wide range of stakeholder perspectives to be included.

Representatives of foreign stakeholder groups were also involved in order to take the Group's international reach into account. The written and telephone surveys were conducted in autumn 2018. Figure 4 gives a breakdown of the 78 survey participants.

F4 STAKEHOLDER SURVEY PARTICIPANTS



In addition to polling internal and external stakeholders, we held an internal Group workshop on the materiality analysis together with the Talanx Group's Sustainability Competence Team. The latter comprises representatives from a wide range of departments and divisions who are exposed to the topic of sustainability. The workshop was used to present and validate the results of the written and telephone surveys. The material topics and content as defined by the GRI and the CSR-RUG were identified by combining the assessments provided by our stakeholders and those of our Sustainability Competence Team.

As the highest governing body, the Board of Management was involved in the process of identifying material topics. For example, it confirmed the topics' importance and agreed the procedure for the stakeholder dialogue. The results of the materiality analysis were also discussed with the Board of Management members in order to validate them.

¹ 102-42 | 102-43
102-44

MATERIAL AND ADDITIONAL TOPICS

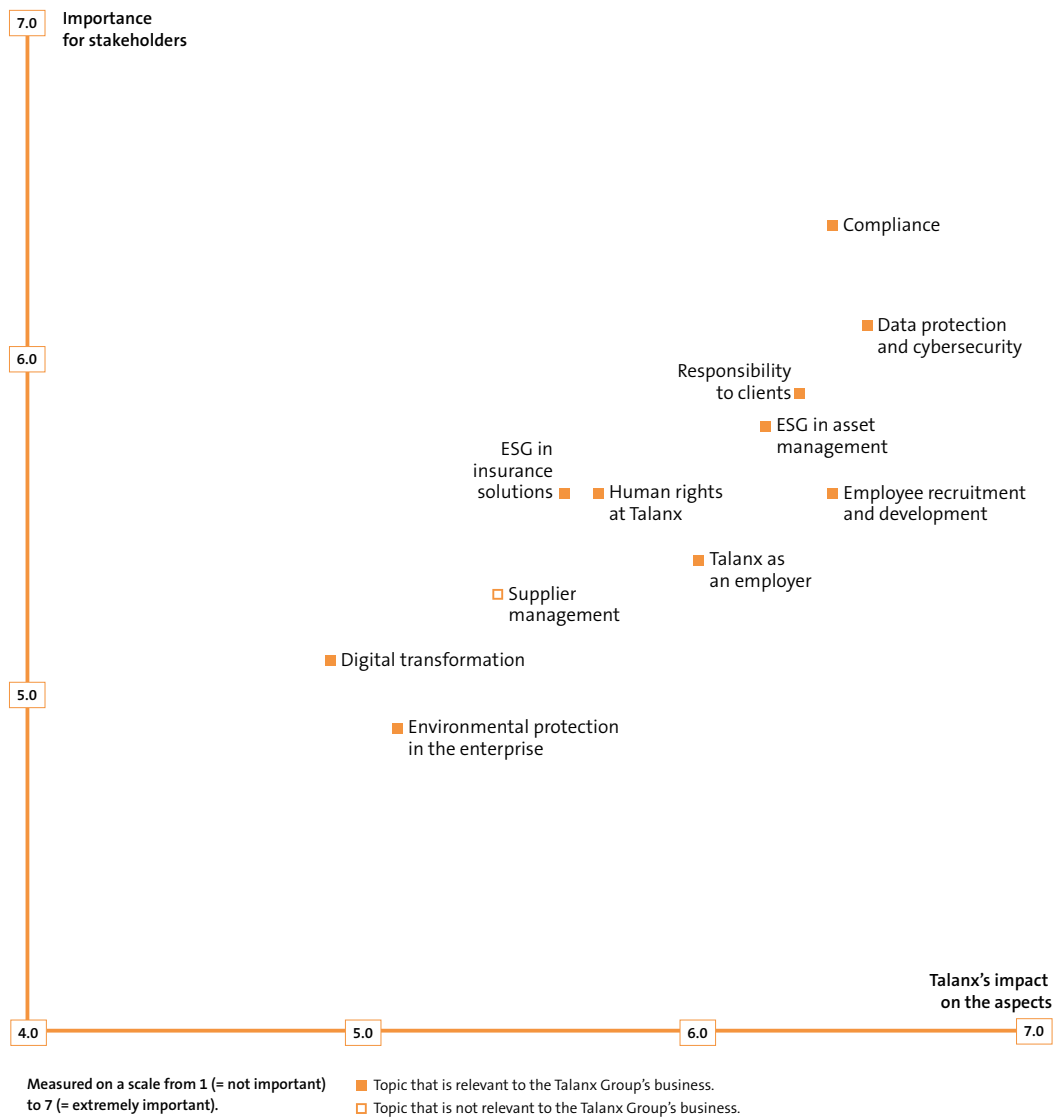
² The materiality analysis described above enables us to compare and contrast the material topics using a materiality matrix. Figure 5 shows the impacts, relevance for our business and relevance for stakeholders for the topics assessed. Additionally, Table 3 shows how the material topics relate to the Talanx Group's strategic action areas.

² 102-47

T3 ACTION AREAS AND MATERIAL TOPICS FOR THE TALANX GROUP

Action area	Material topics
Compliance and Transparency	Compliance
	Data protection and cybersecurity
	Digital transformation
Investment and Insurance Products	Responsibility to customers
	ESG in asset management
	ESG in insurance solutions
Work and Employees	Employee recruitment and development
	Talanx as an employer
	Human rights at Talanx
Day-to-day Operations and Procurement	Environmental protection in the enterprise
	Supplier management

F5 MATERIALITY MATRIX – RELEVANCE OF SUSTAINABILITY TOPICS FOR THE TALANX GROUP



Another focus is on the additional topics that our key stakeholders consider to be relevant. We also include these topics in the sustainability report in order to cater to all relevant stakeholders' information needs. Table 4 shows which topics are especially relevant for which stakeholder groups.

have business relationships with the Talanx Group and who are affected by particular topics, such as customers or suppliers.

Table 4 also refers to the disclosures on the management approaches ("MAS") for the topics and GRI indicators. We combined the management approaches recommended in the GRI to produce twelve MAS that are specific to the Talanx Group, see also the GRI Content Index (page 74ff.).

¹ 102-44 | 102-47

¹ Table 4 provides an overview of all material topics (identified by an orange square) and the additional topics that we report on. It also shows the boundaries of the topics within and outside the Talanx Group, i.e. the points in the value chain (page 5f.) impacted by the topic, and the players affected. Internally, these are mainly divisions and functions, while externally they are primarily players who

T4 OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS

Management approaches, material topics and additional topics	Especially important for			GRI indicators assigned	Boundary within Talanx	Boundary outside Talanx	
	Customers/ partners	Investors	Employees				
Compliance and Transparency				102-16			
Management approach – compliance				103-1 103-2 103-3			
■ Compliance	X	X	X	206-1 307-1 407-1 408-1 409-1 419-1	Entire Group	Customers, business partners, suppliers	
Management approach – anti-corruption and anti-money laundering				103-1 103-2 103-3			
■ Anti-corruption	X	X	X	205-1 205-2 205-3 206-1 415-1	Entire Group	Customers, business partners, suppliers	
■ Anti-money laundering and prevention of terrorist financing	X	X	X		Entire Group	Customers, business partners, suppliers	
Management approach – data protection and cybersecurity				103-1 103-2 103-3 412-2			
■ Data protection and cybersecurity	X	X	X	418-1	Entire Group	Esp. customers, plus business partners and suppliers	
Management approach – digital transformation				103-1 103-2 103-3			
■ Digital transformation	X	X	X	—	Entire Group	Customers, business partners, suppliers	
Investment and Insurance Products				102-11 102-29 201-2 203-2 FS6			
Management approach – ESG in asset management				103-1 103-2 103-3			
■ Inclusion of ecological and social criteria in investment selection	X	X	X	201-2 203-2 412-3 FS11	Asset Management/ Investment	Capital market participants	
■ Infrastructure investments	X	X	X	203-1 203-2	Asset Management/ Investment	Countries/regions in which investments are made, infrastructure users	
Exercise of shareholder rights by Talanx (active ownership)					FS10	Asset Management/ Investment	Securities issuers
Management approach – sustainability of insurance products ³⁾				103-1 103-2 103-3			
■ Responsibility to customers	X	X	X	102-43 102-44			
■ Easy-to-understand information about insurance solutions	X	X	X		All divisions (esp. product development, sales)	Customers, intermediaries	
■ Rapid, transparent claims processing	X	X	X	102-43 102-44 417-1 417-2 417-3 419-1	All divisions (esp. product development, sales)	Customers, intermediaries	
■ Financial incentives for fair sales advice	X	X	X		All divisions (esp. product development, sales)	Customers, intermediaries	
■ ESG in insurance solutions	X	X	X	FS7 FS8 FS13	All divisions (esp. product development, sales)	Customers, intermediaries	
Work and Employees				102-8 102-41			
Management approach – employee recruitment and development				103-1 103-2 103-3 201-3			
■ Recruiting and attracting talent	X	X	X	202-1 202-2 401-1	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners	
■ Education and training	X	X	X	404-1 404-2 404-3	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners	

T4 OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS

Management approaches, material topics and additional topics	Especially important for			GRI indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
Management approach – Talanx as an employer				103-1 103-2 103-3		
■ Diversity and equal opportunity	X	X	X	405-1 405-2 406-1	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
■ Work-family balance	X	X	X	401-3	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
■ Remuneration and benefits	X	X	X	401-2	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants
■ Human rights at Talanx	X	X	X	412-1	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
Management approach – occupational health and safety				103-1 103-2 103-3		
Occupational health and safety	X		X	403-2 403-3	Entire Group, Internal Services, employees	—
Health@HDI: providing a balanced diet for employees	X		X	—	Entire Group	—
Day-to-day Operations and Procurement						
Management approach – environmental protection in the enterprise				103-1 103-2 103-3		
■ Emissions	X	X	X	305-1 305-2 305-3 305-5	Esp. Purchasing, Internal Services, entire Group	Suppliers
Energy consumption	X		X	302-1 302-3 302-4	Esp. Purchasing, Internal Services, entire Group	Suppliers
Materials used	X		X	301-1 301-2	Esp. Purchasing, Internal Services, entire Group	Suppliers (of operating materials)
Waste	X		X	306-1 306-2	Internal Services, entire Group	Suppliers
Water consumption	X		X	303-1	Internal Services, entire Group	Suppliers (of operating materials)
Management approach – supplier management				103-1 103-2 103-3		
■ Environmental protection in supplier management	X	X	X	204-1 308-1 308-2	Esp. Purchasing	Suppliers (of operating materials)
■ Labour practices and respect for human rights at suppliers	X	X	X	407-1 408-1 409-1 414-1 414-2	Esp. Purchasing	Suppliers
Corporate Citizenship						
Management approach – corporate citizenship				103-1 103-2		
Corporate citizenship	X		X	201-1	Entire Group, including Human Resources, employees	Charitable initiatives/ organisations, local area

¹⁾ Combined management approach that applies both to the “esg in insurance solutions” and the “responsibility to customers” material topics.

SUSTAINABILITY MANAGEMENT

¹ At Talanx, sustainability management is designed at the enterprise level and is being rolled out successively across its core markets. The topic owners are the full Board of Management of Talanx AG. As is the case with the Group's other goals, values and strategies, the full Board of Management resolves and monitors the development and enhancement of Talanx's sustainability strategy, its sustainability goals and the implementation of the associated measures. The importance of sustainability for the Group's top management is underscored by the Sustainability Commitment issued by the full Board of Management. In addition, the Chairman of Talanx AG's Board of Management has a particular responsibility for sustainability, since the Company's sustainability officer is attached to Group Communications, for which he is responsible. This unit coordinates sustainability management – such as the development of sustainability goals – and prepares the sustainability report. The head of Group Communications reports directly to the Chairman of the Board of Management.

² The Board of Management addresses ecological and social impacts, risks and opportunities several times a year. It does this firstly as part of risk management, and secondly during the development, enhancement and implementation of the sustainability strategy. Among other things, this process includes defining sustainability goals, checking whether these have been reached and preparing the sustainability report.

Due to the Group's decentralised organisational structure, most sustainability measures are implemented by the individual divisions and Corporate Operations as part of their respective core businesses. The goals and measures are agreed, and data for reporting are captured, by a competence team comprising representatives from all divisions, the companies concerned, Corporate Operations and Talanx AG's departments. We share information and coordinate actions with the Hannover Rück Group, our subsidiary, which has drawn up its own sustainability strategy and publishes a separate sustainability report.

In financial year 2017, we set up the Responsible Investment Committee (RIC) – a new sustainability body designed to implement our ESG screening process for increasing the sustainability of investments – (see also the section entitled "ESG in asset management" on page 30ff.).

³ The Talanx Group is involved in a number of sustainability, corporate social responsibility (CSR) and good governance initiatives. In addition to the German Corporate Governance Code and Poland's "Best Practice of GPW Listed Companies" code, which governs companies that are listed on the Warsaw Stock Exchange, these include (in the case of the Retail Germany Division) the Code of Conduct drawn up by the German Insurance Association (GDV). Talanx is also a member of the Hannover Climate Alliance 2020, has signed up to the Diversity Charter and has joined the Global Insurance Chief Compliance Officers (CCO) Forum. Additionally, in 2016 Talanx became a member of the Fair Company Initiative.

STAKEHOLDER INCLUSIVENESS

⁴ The Talanx Group liaises with its stakeholders in many areas, with a key focus being on determining impacts, opportunities and risks. For example, Human Resources is in contact with the co-determination bodies, Investor Relations has close relationships with shareholders and bondholders, and Group Communications addresses both the general public and employees. In addition, the Group and the companies belonging to it are, for example, members of regional and national associations and interest groups, and are therefore up to speed with current developments (see also the section entitled "The Talanx Group – key memberships" on page 72f.).

Our performance metrics address dimensions above and beyond the purely financial perspective – specifically, these are market and customer viewpoints, the internal process perspective and the employee viewpoint. As a result, the concerns of various stakeholder groups are also taken into account during management of the Group (see also the "Performance management" section on page 27ff. of the Group Annual Report 2018).

¹ 102-18 | 102-20
102-26 | 102-32

³ 102-12

 Sustainability Commitment

² 102-29 | 102-31
102-32


⁴ 102-29 | 102-43

 Annual Report



3 COMPLIANCE AND TRANSPARENCY


VALUES AND PRINCIPLES OF CONDUCT

 102-16

 Our business success depends not only on the quality of our products and services, but also on our employees' acting in a legally correct and responsible manner in their dealings with each other, our business partners, our investors and the general public. Our employees' behaviour is based on the principles of fair, polite dealings and on respect for individuals' personal rights.

 HDI Museum


Modern corporate governance is part of Talanx's DNA. In addition to keeping abreast of the constant changes in the legal framework, Talanx issues a declaration of conformity with the German Corporate Governance Code every year, see the section entitled  "Corporate Governance" (page 6). An annual declaration on the corporate governance rules set out in the Best Practice of GPW Listed Companies" code (Poland) is also issued. In addition, Talanx AG's internal  Corporate Governance Corporate Governance Principles are regularly revised.

 Corporate Governance Principles


The Talanx Group's corporate culture revolves around the Talanx Values, which we actively live every day:


 103-1

- Entrepreneurial mindset and action within the Group context
- Results and performance orientation
- Comprehensive customer orientation
- Mutual trust and open communication


These four values are a key component of Talanx's mission statement and serve as a framework for cooperation throughout the Group. They create a common understanding and hence offer direction and guidance, as well as helping to ensure our Company's long-term success. The Group Board of Management has undertaken to ensure that all divisions act in accordance with these values in all areas, and supports measures taken to anchor them. Likewise, our business processes and human resources tools are based on these values, see the  "Employee recruitment and development" management approach (page 43ff.).

The Talanx Values Award was presented for the first time in 2016. It aims to honour activities that can serve as an example within the Group and to inspire others to act in keeping with the spirit of our values. In 2018, the award went to the claims units (motor vehicle claims and third-party liability, accident and property claims) at HDI Deutschland AG for their "Accident Service Story". The project focused on the development of an overarching service story, at the end of which each of the 670 employees involved had explained how they help increase customer satisfaction. The claims managers used workshops to develop a common understanding of their customers and to raise awareness of their needs. Starting next year, the Talanx Values Award will focus on an agile Group culture and will be rebranded as the HDI Agility Award.

How far these values, among other things, have already got the Group can be seen from the  HDI Museum at HDI-Platz 1 in Hannover. The 140 square metre space uses a mix of exhibits, contemporary reports and installations to document the history of the insurance group, which stretches back more than 110 years.

The key principles and rules for all Talanx Group employees are set out in the Code of Conduct, see "Compliance" in the next section and the section entitled  "Sustainability of insurance products" (page 32ff.) for information on the Code of Conduct for Insurance Distribution drawn up by the German Insurance Association (GDV).



COMPLIANCE

 **Materiality:** For the Talanx Group, it goes without saying that complying with the law is a prerequisite for sustained business success. This means that compliance is an integral part of all Group activities. In addition to the areas of its compliance programme that the Talanx Group has defined as core/coordination topics, it also helps ensure that environmental and social laws and regulations are observed.


Topic Boundary: Compliance is relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. Outside the Group, it can affect customers, business partners and suppliers in particular.

Impacts: Compliance in general means the observance of, or adherence to, laws and regulations, and its main objective is to avoid negative impacts caused by these being breached. At the same time, however, the Talanx

Group aims to use the “Compliance and Transparency” action area to provide information and make disclosures on the topics of compliance and corporate governance. This enhances transparency within the Group and improves comparability with competitors.


1  **Measures and guidelines:** The Group-wide Code of Conduct is an effective tool for making our commitment to complying with existing laws transparent. It sets out key principles and rules applicable to employees at all levels of the Talanx Group. The Code serves to explain to employees the fundamental legal and ethical requirements that they have to abide by during their work for the Group companies concerned, and to provide further details of their duties in this area. In addition, it expressly highlights the ban on money laundering and illegal financing and draws attention to the fact that the competent anti-money laundering officer and the compliance officer must be informed of all suspected cases. The Code of Conduct applies throughout the Group and is available in a number of languages. Customers, employees and stakeholders can access it publicly on our  website. The Code of Conduct is supplemented by a set of more concrete Compliance Guidelines and other information and explanatory documents, which are available on our intranet. The Compliance Guidelines provide detailed guidance on the content of the principles set out in the Code of Conduct, which have now been discussed and adopted as binding by Group companies in Germany and abroad.

A whistle-blower system can be used to report certain significant breaches of the law. The system can be accessed from anywhere in the world via our website and is currently available in German and six other languages that are commonly used within the Group. The whistle-blowing system can be used – fully anonymously, if desired – to provide information about a variety of issues (including fraud, breaches of fiduciary duty and corruption; incorrect bookkeeping or accounting; anti-competitive and anti-trust offences; money laundering and terrorism financing; breaches of capital market regulations, sanctions and embargoes; and infringements of labour law, supervisory law and tax law provisions). Additionally, employees can report suspected breaches of the law or guidelines to their line manager or directly to the compliance officer responsible for the company in question within the Talanx Group or the division concerned.

A training plan tailored to different specific groups offers employees regular opportunities to refresh and deepen their knowledge of and expertise in selected compliance topics. New employees are regularly briefed on these issues as part of their induction events. In addition, regular classroom-based courses and web-based training (WBT) are provided on relevant compliance topics. Anti-corruption training serves to ensure that gifts are dealt with correctly. Above and beyond this, the Chief Compliance Officer holds classroom training sessions for various groups of managers several times a year in order to promote the Group’s compliance culture. This dialogue helps Group Compliance identify any training needs in good time and to develop customised training offerings for them. Another focus in 2018 was on expanding cooperation with the local compliance officers. In addition to holding a European compliance managers’ meeting, we introduced a regular virtual compliance meeting format known as Compliance-Xchange, in which Group Compliance and local compliance officers work together to develop and exchange best practice solutions (see the  “In focus” section on page 27).

Responsibilities: Compliance is a Group-level function that takes the form of an independent department. It is headed by the Chief Compliance Officer, who is also the Corporate Governance Officer and an authorised representative of Talanx AG, and who reports directly to the Chairman of Talanx AG’s Board of Management. The compliance officers responsible for the individual divisions and Group companies report to the Group Chief Compliance Officer. The Compliance department is responsible for establishing and updating Group guidelines and structures designed to ensure compliance, for following up on complaints and compliance breaches, and for internal training within the Group. In addition, in-depth advice is provided on relevant compliance issues where necessary.

A global network of compliance managers at our foreign locations assists the Chief Compliance Officer in his tasks. This means that local compliance breaches can also be reported directly to the Compliance function in Hannover. The Chief Compliance Officer prepares an annual report on material compliance issues and developments for the Board of Management.

1  103-2 | 407-1
408-1 | 409-1
412-2

 Code of Conduct

¹ 103-2 | 103-3

¹ **Results and monitoring:** Adherence to compliance requirements is verified by the Group Compliance function and during regular internal audits by Group Auditing. Continuous content reviews of the applicable compliance rules and regulations are performed and revisions made where necessary. In addition, the Group takes stakeholder interests and requirements relating to compliance and transparency into account, firstly by engaging in dialogue with stakeholders on sustainability and secondly by adhering to the GRI Standards and taking part in ESG rating processes.

² 206-1 | 419-1

² Talanx is not aware of any significant fines or non-monetary sanctions that were levied for non-compliance with laws and regulations in financial year 2018. Likewise, there are no known significant cases of anti-competitive behaviour, or of anti-trust or monopoly practices. For information on cases in connection with products, see the section entitled “Easy-to-understand information about insurance solutions” (page 34ff.).

³ 307-1

³ Talanx is not aware of any fines or sanctions for non-compliance with environmental protection laws or regulations.

⁴ 419-1

⁴ There were no known grievances about impacts on society in the Retail Germany Division or the Industrial Lines Division in Germany in 2018. The same also applies to the foreign companies covered by this report.

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

ANTI-CORRUPTION

⁵ 103-2

⁵ **Measures and guidelines:** Preventing corruption is an essential part of compliance management at Talanx. The Code of Conduct contains concrete rules covering this area. Bribery and corruption will not be tolerated. Moreover, general and specific work instructions exist to provide employees with specific rules of conduct on, among other things, avoiding and disclosing conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; and stakes in other companies and participations in transactions.

The rules for dealing with gifts from and to business partners are set out in a work instruction. This specifies that employees are obliged to keep lists of gifts. These must be consolidated at departmental level and are systematically requested by the Compliance department. A risk assessment for the organisation can then be performed by analysing the lists of gifts (e.g. for type and frequency). Supplementary anti-corruption training serves to ensure that gifts are dealt with correctly.

Compliance risk is identified using a process that features both top-down and bottom-up elements. Corruption is also a material compliance risk category. The units in the divisions draw up a compliance risk profile documenting the individual risks involved, which is then checked for plausibility using interviews with experts. This led, among other things, to additional anti-corruption measures being included in the compliance plan for 2019.

Both the Talanx Group’s Code of Conduct and its Compliance Guidelines highlight the need to avoid conflicts of interest. Unavoidable conflicts of interest must be disclosed to the employee’s line manager or the relevant compliance officer. In addition, the whistle-blower system

HDI

IN BRIEF

Company name and domicile:
HDI Versicherung AG (Austria),
Vienna, Austria
Number of employees: 297

HDI Austria’s Compliance Officer is integrated in an enterprise-wide information system. He reports directly to the Board of Management, the Supervisory Board and the company’s Risk Committee, as well as to HDI Global SE and the Talanx Group’s Chief Compliance Officer. In addition, regular information sharing and compliance agendas with the Board of Management ensure rapid reactions and the swift implementation of necessary measures.

allows conflicts of interest to be reported anonymously. Undisclosed conflicts of interest may constitute breaches of the Code of Conduct or the Compliance Guidelines and hence represent violations of employees' duties under their contracts of employment or service; they may also have civil and labour law consequences for the employees concerned. Potential conflicts of interest are also identified by requesting and analysing the lists of gifts.

¹ In addition, Talanx's Code of Conduct and its Compliance Guidelines contain rules on dealing with donations and sponsorships within the Group. For example, any donations to political parties may only be made within the statutory limits and must be approved by Talanx AG's Board of Management. Moreover, some divisions have drawn up more detailed guidance on donations and sponsorships.

² The process for identifying compliance risks also provides for compliance risk maps to be drawn up and used to derive risk-specific measures that are then included in the compliance plan. This also applies to those risks that are assigned to the core compliance topic of anti-corruption. Implementation of the anti-corruption measures specified for the Group is continuously monitored. Relevant examples of corruption risk include allegations of bribery and corruption and of the acceptance and granting of benefits in connection with invitations and gifts, purchasing and tendering, donations and sponsorships, and sales partners. In addition, corruption risk is regularly audited in the Group as part of the internal audit plan.

³ The Talanx Group provides information and training on anti-corruption policies and procedures in a variety of formats. The annual compliance report informs the Board of Management and the Supervisory Board about significant compliance risks and the measures taken to ensure that requirements are met. This also includes the topic of anti-corruption.

A mandatory web-based training (WBT) course on compliance, which covers the topic of corruption, is used to train all Group employees in Germany. The relevant staff groups were also trained using a number of classroom-based training sessions. Furthermore, our foreign subsidiaries inform their staff about what corruption is and how to prevent it, regardless of which category individual employees belong to or where they are located. In addition, in-depth modules

are provided via the various e-learning platforms. These use practical examples to illustrate the topics and compulsory questions to reinforce the lessons learned.

⁴ The Talanx Group did not become aware of any confirmed material cases of corruption in the 2018 financial year.

ANTI-MONEY LAUNDERING AND PREVENTION OF TERRORIST FINANCING

The entry into force of the European Union's Fourth Anti-money Laundering Directive led to a large number of additional measures being launched within the Group with the aim of ensuring a coordinated approach to anti-money laundering and the prevention of terrorist financing. In addition, it expressly highlights the ban on money laundering and illegal financing and draws attention to the fact that the competent anti-money laundering officer and the compliance officer must be informed of all suspected cases.

⁵ **Results and monitoring:** Adherence to anti-money laundering requirements and the prohibition on forbidden financing are covered by the monitoring guidelines forming part of the general compliance requirements. As a result, this topic is also checked by Group Compliance and as part of the regular internal audits performed by Group Auditing. Continuous content reviews of the applicable compliance rules and regulations are performed and revisions made where necessary (see also the section entitled "Compliance", page 20ff.).

The Talanx Group's anti-money laundering officers are responsible for drawing up risk analyses. In addition, they develop work instructions, report to the Board of Management, ensure staff training, and monitor customer and policy portfolios. They serve as contacts for issues relating to the topic of anti-money laundering not only for all staff but also for the law enforcement authorities and the Federal Financial Supervisory Authority (BaFin).

⁴ 205-3

¹ 415-1


² 205-1

⁵ 103-3

³ 205-2

DATA PROTECTION AND CYBERSECURITY


 103-1

1  Materiality: Information is an essential basis for our daily work. Customer data, and company and capital market information underpin all key decision-making and business processes: insurers and their intragroup service providers collect, process and store large volumes of personal data. The basic principle applied is that Group employees may only collect, process and store personal data if this is required for a specifically defined purpose and in the lawful performance of their duties, or if there is another legal basis for this. Personal data are transferred to external recipients (mainly service providers) in order to enhance the efficiency of the services provided. At the same time, external recipients must be seen as part of processing operations, e.g. in the case of brokers, appraisers, reinsurers, etc. External recipients are bound by contract and/or the law to comply with the data protection requirements.

Topic Boundary: Data protection and cybersecurity are relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. Outside the Group, the topic can also affect customers, business partners and suppliers in particular: these data are needed during the application process, to provide advice to customers, in underwriting, in customer and contract services, and in claims and payment management. Additionally, personal data are collected, processed and stored in connection with human resources management, shareholders and the funds business, among other things.

Impacts: Customers, employees and partners trust Talanx Group companies every day with sensitive data that must be processed responsibly and in line with the legal requirements. However, many players outside the company are also very interested in this data, for example in the context of industrial or corporate espionage targeting our industrial clients, obtaining personal information about retail policyholders, or downloading employee details for improper use. Information security is a critical competitive advantage today, as well as being the prerequisite for successful digital transformation.

 103-2

2  Measures and guidelines: The Group's Code of Conduct requires employees to comply with the provisions of data protection law and the Group Data Protection Guidelines, and to actively contribute to ensuring that personal data are reliably protected against unauthorised

access. The Talanx Group has appointed company data protection officers as required by law. The data protection requirements to be observed have been incorporated in a data protection management system. Group guidelines lay down binding rules for material data protection requirements. Awareness measures and training are conducted and random checks performed on the basis of these Group requirements. Centrally defined methods are specified for dealing with data subjects' rights (e.g. the right to access stored personal data), ensuring that the processes are implemented correctly. A system of reporting to senior management has been set up.


Close cooperation and consultation with important interfaces such as Group Legal, Group Compliance, Group Security and Group Auditing ensure that the data protection legislation requirements are met. Data protection risks are reported to Group Risk Management.

The necessary modifications were made to ensure compliance with the EU General Data Protection Regulation (EU GDPR) and other legal requirements relating to data protection. In individual cases, interpretations or further details from the relevant authorities are still outstanding; these need to be monitored and implemented following a brief analysis. Some complex adaptations are still in the process of being implemented. A common data protection framework has been established for those of our branches and subsidiaries that are domiciled in the EU or the EEA. The branch or subsidiary concerned must also observe the national legal data requirements.

Our online data protection tutorial presents the main principles to be observed when processing personal data and explains the importance of data protection in employees' day-to-day work. The training module is aimed at all Talanx Group employees in Germany, with the exception of Hannover Rück SE. An internal employee portal is used to offer classroom training, which is also provided by the functions on request. In addition to consciously managing IT risks, we sensitise employees to security issues using ongoing awareness campaigns.

Information security also plays an important role in the selection of, and collaboration with, external service providers. For example, service providers must undertake to comply with, and are audited to, the same standards as internal IT services.

Responsibilities: The functions and projects can consult Group Data Protection on all data protection issues (access requests, deletion requests, complaints and other submissions by data subjects). All employees are free to approach Group Data Protection directly with information, suggestions or complaints, and absolute confidentiality is granted on request. Customers and business partners can find the contact details for Group Data Protection on the websites. The department produces an annual activity report for the Board of Management of Talanx AG and the divisions providing information on the audits conducted, any weaknesses and defects revealed, and any organisational deficiencies that may still have to be remedied. Certain data protection events and circumstances are reported to senior management during the year.


Two data protection management systems have been established within the Group as a whole (primary insurance and reinsurance group). The data protection management system for the primary insurance group is implemented at Talanx AG, whereas Hannover Rück SE is responsible for the data protection management system for the reinsurance group. Within the primary insurance group, a distinction must be made between two ways of allocating responsibility. The first is based on the idea of local responsibility. In the second, tasks and responsibilities are defined both centrally and locally, see the  section entitled “Data protection and cybersecurity” on page 69ff. of the Group Annual Report.

Responsibility for information security, and hence for avoiding damage or losses caused by the non-availability, loss of confidentiality or loss of integrity of customer, business or employee information, has been centralised at HDI Systeme AG. The head of Group Security acts as the Chief Information Security Officer for the Talanx Group.

The security standards in place at Talanx are continuously enhanced by an internal, growth-oriented unit that has been specifically authorised to perform this task and that reports directly to the Chief Information Officer (CIO); the results are constantly monitored. In addition, our staff in this area regularly network with other experts, for example via the BSI’s cybersecurity alliance, the Allianz für Cyber-Sicherheit (ACS).

1  Results and monitoring: Close cooperation and consultation with important interfaces such as Group Legal, Group Compliance, Group Security and Group Auditing ensure that the data protection legislation requirements are met. Data protection risks are reported to Group Risk Management.

Our information security management system has been fully ISO 27001 certified since 2013 and undergoes an external review every year, ensuring a high degree of transparency both within Talanx and outside it. Flanking measures include the use of ISAE 3402 (ISAE stands for the International Standard on Assurance Engagements) and of the IT-Grundschutz Catalogues published by the Federal Office for Information Security (BSI). Since HDI Deutschland AG and HDI Global SE meet the Federal Republic of Germany’s critical infrastructure criteria, they have been linked to the central registry operated by the GDV, the German Insurance Association, since 2018.

2  Group Data Protection at Talanx did not receive any notifications of reportable data breaches or incidents in the reporting period.

2  418-1

DIGITAL TRANSFORMATION

3  Materiality: Digital transformation is a material topic for the Talanx Group. It is a key strategic focus and part of the new Group strategy that was adopted during the reporting period. This provides a framework for the divisions to develop their own digital transformation strategies. In keeping with our decentralised Group structure, it is the divisions that drive the digital transformation process.

3  103-1

 Annual Report

Topic Boundary: Digital transformation is relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. Outside the Group, it can affect customers, business partners and suppliers in particular.

Impacts: Digital transformation, which involves the digitalisation of customer interfaces and functional units, affects both the top line and the bottom line of our business. Going forward, it will also involve new, digital business models with new or modified value chains, which will contribute significantly to growth and to enhancing profitability.


1  103-2 | 103-3

At Group level, this will mean realigning the allocation of company resources and capital. Our strategy in this area includes both new partnerships and taking stakes in fintech and insuretech enterprises.


In addition, as an increasingly digitalised insurer, Talanx needs to address new cyber risks that do not exist in this form in the traditional insurance business. Among other things, we aim and need to be sensitive and ethically responsible in our dealings with customers' and employees' personal data when using new technologies.

Finally, the progress made by digital transformation also impacts our human resources work. Our employee development and skills training is focusing on an agile mindset and on growing the necessary methodological expertise. Other requirements are resulting, for example, from the automation of the application process and new ways of interacting with candidates.

1  103-2

1  Measures and guidelines: One operational focus of our digital transformation strategy is on upgrading our IT and systems environment to provide a basis for automation and for digitalising processes (“get ready”). The other two focus areas are content-related: data analytics, which addresses the issues of behavioural economics (“get skills”), and ecosystems/partnerships (“get bundled”). Since these focus areas are relevant for the entire Group, the holding company provides targeted support for them as well, e.g. by facilitating international discussion and scaling up of best practices and by entering into scouting and market intelligence partnerships.

2  103-3

2  Results and monitoring: Among other things, we introduced Group-wide formats for sharing best practices on specific focus areas in the reporting period and extended our partnership with the Plug & Play innovation platform to include a European location (Munich).

SUSTAINABLE DEVELOPMENT GOALS

in descending order of importance, the SDGs that are relevant for the Talanx Group’s “Compliance and Transparency” action area are as follows: SDG 9 (Industry, Innovation and Infrastructure), SDG 13 (Climate Action) and SDG 1 (No Poverty).

T5 SDGS IN THE “COMPLIANCE AND TRANSPARENCY” ACTION AREA

SDG	Relevant targets
	SDG 9.1 Develop reliable and sustainable infrastructure
	SDG 9.2 Promote sustainable industrialisation and significantly raise industry’s share of employment and gross domestic product
	SDG 9.3 Increase the access of small-scale industrial and other enterprises to financial services
	SDG 9.4 Upgrade infrastructure and retrofit industries
	SDG 9.5 Enhance scientific research, upgrade technological capabilities and encourage innovation
	SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards
	SDG 13.2 Integrate climate change measures into strategies and planning
	SDG 13.3 Improve awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning
	SDG 1.1 Eradicate extreme poverty
	SDG 1.2 Reduce by half the proportion of men, women and children of all ages living in poverty
	SDG 1.4 Ensure equal rights to economic resources, as well as access to basic services

In focus

NETWORKING OUR KNOWLEDGE

COMPLIANCE EXPERTISE IN THE RIGHT PLACE AT THE RIGHT TIME

Group Compliance helps ensure that Group companies, their governing body members and their employees act in a lawful manner. This is not always easy in a global company: some questions relating to specific topics require particular experience of both local legislation and international law. In addition, knowledge of local day-to-day business requirements is needed. Talanx has a network of Compliance contacts who have the necessary expertise and support each other in providing the best possible advice. Group Compliance uses initiatives and joint events such as the new ComplianceXchange dialogue format to encourage and expect information sharing across national and company boundaries.



Christoph
van der Meer,
Compliance Officer
of Talanx AG

“We have a strong compliance organisation at Talanx. The knowledge that is needed for compliance to be successful exists within the organisation. The secret to long-term success is to make it available to everyone.”



THE NEW COMPLIANCEXCHANGE INITIATIVE

Having a global network of compliance officers in our Group companies helps us to remain aware of local needs and to provide support for local business operations by acting as a contact for all compliance issues. Sharing lessons learned and best practices plays an important role in identifying the solutions as efficiently as possible. This is why we launched the ComplianceXchange initiative in 2018. Our international compliance officers hold virtual meetings on specific issues four to five times a year in which they share information, opinions and ideas.

Group Compliance acts as the host, bringing the members of the Compliance organisation together interactively and inviting them to make contributions, ask questions and table topics for discussion directly from their workplace. The topics addressed cover the whole range of Compliance activities. Following the successful launch of the ComplianceXchange format, a separate meeting was used to discuss the current challenges posed by financial sanctions and embargoes, among other things. Additional meetings have already been scheduled. Other events are planned on topics such as promoting integrity, preventing corruption and anti money laundering, so as to enhance the Group's compliance organisation in these areas even further.

4 INVESTMENT AND INSURANCE PRODUCTS

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

¹ 203-2

¹ INDIRECT ECONOMIC IMPACTS

The Talanx Group's operations have a large number of indirect economic impacts. In essence, the insurance business entails the transfer of risk, which can mitigate losses that arise when loss events occur. This means that insurers fulfil an important social function by enabling the economy to function and providing financial security for individuals. At an overall level, insurance cover can therefore secure society's living standards and give enterprises the room to manoeuvre that they need to master challenges and be innovative.

Additionally, pre-emptive risk minimisation and loss prevention reduce the probability of losses and injuries, such as those from fires and industrial accidents. These aspects are essential in industrial insurance, for example. Among other things, this also protects employees' health and conserves natural resources. One concrete example of protection against natural hazards is Talanx's Accumulation Risk Geospatial Online System, or ARGOS for short. Talanx uses this internally developed software when performing site assessments to evaluate potential risks from a variety of hazards.

Above and beyond this, our hazard and risk analyses aim to identify existential risk scenarios in all divisions and to take suitable measures to reduce these to a level that ensures the Company's continued existence. This applies to natural catastrophes (natcats), fire and explosion protection, and engineering and marine insurance, as well as to business interruptions, which in today's networked world may become more and more likely and take on an increasing order of magnitude. We also raise awareness of hazard assessments and of sensible emergency planning.

² 102-11

We work together with other enterprises in bodies such as the GDV to draw up guidelines for the sustainable planning, establishment and operation of both plant and equipment and enterprises.

In addition, the Talanx Group has social and environmental impacts, in particular due to its investments (page 30ff.) and its insurance products (page 32ff.).

² APPLICATION OF THE PRECAUTIONARY PRINCIPLE

The UN's Precautionary Principle sets out a prophylactic and forward-looking approach to environmental challenges and risks. Equally, as an insurance undertaking the Talanx Group takes a prudent approach to risk and aims not to permit losses or damage – whether environmental or of other kinds – to occur in the first place. This can be seen in a variety of areas and in our dealings with different stakeholders:


- overall, the ecological impacts of the production of insurance cover are lower than those of production processes in other sectors. Nevertheless, we want to minimise the negative impacts that our business activities have on the environment. For further details, see the chapter entitled “Day-to-Day Operations and Procurement” (page 58ff.). The remaining sections in this chapter address how ecological topics are incorporated into our core business
- risk management comprises the identification, assessment, analysis, management and control of risks (page 29)
- the “Responsibility to customers” section primarily addresses customer education (page 34ff.)
- in addition, the Group's internal Code of Conduct (page 21f.) applies, and
- the Talanx Group and the companies belonging to it are members of associations (page 72f.). Furthermore, a number of units within the Group are involved in stakeholder communication, see the following section on risk management and the materiality analysis (page 14ff.)

1 RISK MANAGEMENT


We see opportunity/risk management as one of our major strengths. Monitoring and managing our risk positions are part of the Group's core business. Our objective is to avoid developments that pose existential risks while at the same time taking advantage of opportunities that arise.

Our corporate goals and guidelines are the starting point for designing our risk management framework. As an international insurance group, we consciously enter into a wide range of controlled risks that are inextricably linked with our business activities and opportunities. Since risk management is part of our business activity, our risk strategy goals are set out in our business strategy.

We use appropriate simulation models and processes to identify, quantify and manage risks and to determine risk capital requirements. Information on qualitative risks is compiled systematically using a Group-wide risk capture system. Risks spanning multiple divisions, such as compliance risks, are addressed by involving the areas or experts concerned. To ensure that all risks are identified, they are compared with a comprehensive risk categorisation system that is specifically tailored to Talanx and that is used as the basis for risk identification. In addition to this software-based risk identification procedure, the regular Risk Committee meetings are used to share information and opinions on the current risk situation. Furthermore, Talanx AG's Board of Management receives monthly updates on key risk indicators.

Detailed information on risk management, and in particular on the roles played by key figures in the risk management process, can be taken from the  risk report in the Group Annual Report 2018, and especially from the following sections:

- "Risk strategy", page 108
- "Risk management system", page 108ff.
- "Risk management process and communication", page 110 and
- "Risk profile", page 111ff.


Further information can be found in the  Solvency and Financial Condition Report (SFCR) for 2018.

2 RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Our multidisciplinary, Group-wide risk management process also integrates ecological and social aspects. For example, risks associated with climate change are classified as emerging risks, i.e. risks whose risk content cannot yet be reliably assessed. Potential future developments relating to these risks are taken into account in the course of risk management. It is vital to recognise them at an early stage and then to assess their relevance.

Primary insurance and reinsurance of losses from natural hazards are an important element of our business model as a global insurance group with a strong focus on industrial insurance and reinsurance. Consequently, climate change results in both opportunities and risks for us. On the one hand, demand for insurance against natural hazards is likely to continue to increase, especially in previously underinsured growth regions. On the other hand, the risk of a negative financial impact from losses that have occurred will also increase. Assessing the probability of occurrence and impact of natural disasters is becoming more difficult since, given the current exceptional climatic situation, historical data can only be used as inputs to a certain extent.

The risk content of new, future risks cannot be determined reliably at present, and their impacts are difficult to assess. Nevertheless, we have implemented a Group-wide emerging risks process so as to be able to capture, assess and manage these risks at an early stage. Experts from all the divisions, including the Hannover Re Group, analyse the emerging risks every six months. The latest scientific findings regarding climate change are always incorporated into this process. We have also ensured that the process is integrated with our risk management activities, so that it is possible to identify any measures required. These include, for example, ongoing observation and assessment, exclusions in insurance contracts or the design of new (re-)insurance products.

Our divisions also analyse such new risk types and trends. In doing so, they identify potential impacts and opportunities and develop products that are tailored to the relevant markets and customers, see also the section entitled  "Sustainability of insurance products" (page 32ff.).

1  102-29

2  201-2

 Annual Report

 Solvency and Financial Condition Report

ESG IN ASSET MANAGEMENT

¹ 103-1

1 **Materiality:** In addition to the Talanx Group's direct impacts (such as energy consumption), the leverage offered by our business – and particularly our investments – has considerable potential for contributing to sustainable development. The Group's investments under own management totalled EUR 111.9 (107.9) billion at the end of financial year 2018, while its total investments amounted to EUR 122.8 (118.7) billion. A large proportion of the Talanx Group's investments are in fixed-income securities, especially government bonds and corporate bonds. Investors, analysts and customers are becoming increasingly interested in how Talanx takes social and ecological aspects into account in its investments. The materiality analysis performed in 2018 revealed that ESG aspects are a material factor in Talanx Group's investment decisions. They are highly relevant for both stakeholders and the business, and significant ecological, economic and social impacts can be identified (see the section entitled [“Materiality analysis”](#) on [page 14ff.](#)).

Topic Boundary: Within the Talanx Group, this topic is primarily relevant to those companies and departments that are involved in investments and investing. Outside the Group, it affects capital market participants such as investors and analysts, securities issuers and real estate providers. In addition, infrastructure investments are relevant to the regions and sectors in which they are to be made.

Impacts: When making investments, the Group aims on the one hand to minimise potential negative impacts, for example by not investing in certain countries or business areas. On the other hand, it aims to promote positive impacts overall. To do this, we developed an ESG screening procedure in 2016, see the section entitled [“Screening of investments for ecological and social criteria”](#) ([page 31f.](#)).

² 103-2

2 **Measures and guidelines:** The alternative investments asset class is becoming increasingly important in the current persistently low interest rate environment, as it helps improve returns and diversify the portfolio. Alongside real estate and private equity, Talanx's main focus here is on investments in infrastructure projects, see the section entitled [“Infrastructure investments”](#), ([page 32](#)).

The divisions are also active in this area. For example, Industrial Lines is currently investing in renewable energies such as wind power and hydropower, both in Germany and in the rest of Europe. In addition, Retail Germany has another infrastructure investment component in the form of a solar power fund.

All of HDI Lebensversicherung AG's fund policies (both existing and new business) offer an actively managed internal portfolio with a sustainability focus: the “ISP-Zukunft” portfolio (policies from 2012 onwards, new business) and the “MF Zukunft” portfolio (older policies, existing business) from the ISP product family contain sustainable and ecological investments. These do not simply aim to generate the highest possible yield, but also take ethical, social and ecological factors into account during selection. The basic principle is that sustainable development can only be achieved if environmental, economic and social objectives are accorded equal importance and are pursued simultaneously. We classify and select the target funds in this internal insurance portfolio with the help of Morningstar Germany GmbH on the basis of data provided by Sustainalytics, the ESG research provider.

Ampega Investment, Talanx's asset management company, offers retail funds for which sustainability is also an important investment criterion. Sustainable investments on offer include the Ampega Responsibility Fund and the terrAssisi Renten I AMI and terrAssisi Aktien I AMI investment funds. These funds invest in target funds or enterprises and issuers that include environmental and social as well as economic criteria in their long-term corporate strategies, and that are considered to be pioneers in assuming responsibility for a sustainable future. Independent research agencies such as ISS-oekom analyse the securities for compliance with the sustainability criteria.

In the reporting period, HDI Assicurazioni launched “Easy PIR”, an individual savings plan that invests in sustainable Italian companies and has the goal of medium- to long-term capital accumulation. The underlying fund, “HDI PIR Sostenibile”, can invest in both bonds and equities and will seek to identify enterprises that focus on innovative products and energy efficiency, and that display a high level of corporate and social responsibility.

Additionally, the Hannover Stock Exchange launched the German Gender Index in April 2015. This share index for gender diversity comprises the stocks of 50 German companies that are leaders in terms of the gender balance on their boards of management and supervisory boards. Ampega GenderPlus Aktienfonds offers a way for retail investors to participate in the index as well, as the investment universe for Ampega Investment GmbH's retail fund consists primarily of stocks contained in the German Gender Index and other European enterprises with a gender diversity focus. Based on this index universe, Ampega selects and reweights the individual stocks with the goal of offering investors a portfolio whose investment style is clearly focused on high-quality dividend- and growth-based stocks.

Responsibilities: Investment services at the Talanx Group are provided by Corporate Operations and within this segment by three companies: Ampega Investment GmbH, Ampega Asset Management GmbH and Ampega GmbH. Ampega Investment GmbH is an asset manager serving retail and institutional investors. Its product range comprises multi-award-winning retail investment funds as well as special funds. The company also manages asset portfolios and financial portfolios for non-Group clients. It offers a broad range of funds for state-of-the-art investments and dynamic retirement provision. Ampega Asset Management GmbH is responsible for the Talanx Group's investments in the money, capital and real estate markets and is therefore a key point of contact for sustainable investments within the Group. Its team of infrastructure investment specialists is particularly worth mentioning. Ampega Real Estate GmbH looks after the Talanx Group's real estate investments.

1 **Results and monitoring:** The Responsible Investment Committee (RIC) helps put our sustainability strategy into practice with respect to our investments. One goal that was established in the process of implementing this strategy was to screen investments using an external service provider that specialises in sustainable investing. The RIC discusses and resolves the filter criteria used in ESG screening. This also includes regular updates to the catalogue of criteria. The decisions made by the committee serve as input for the Group-wide Sustainable Investment Guidelines.

The committee is chaired by Talanx AG's CFO. Other members include the segment CFOs and investment managers, the head of Group Communications, the head of Investor Relations and Ampega Asset Management's senior management.

In addition, external evaluations provide relevant feedback for assessing specific financial products. We also obtain stakeholder feedback on material topics, and on the measures we are taking and the progress being made, in the course of our regular stakeholder dialogue, see also the ["Materiality analysis"](#) section (page 14ff.).

SCREENING OF INVESTMENTS FOR ECOLOGICAL AND SOCIAL CRITERIA

2 When making investment decisions, the Talanx Group aims on the one hand to avoid potential negative impacts by not investing in unsustainable issuers. To do this, we developed a Group-wide ESG screening process in 2016 and implemented it at the beginning of financial year 2017. **1** On the other hand, the Talanx Group also aims to promote the positive impacts on society and the environment overall (for further details, see the section entitled ["Infrastructure investments"](#) on page 32).

ESG screening is performed every six months by an external service provider. In the process, almost 90% of all Talanx Group investments under own management – depending on strategic allocation changes – are communicated to the service provider and rated, to the extent that a rating exists. A new body, the RIC, was also set up in 2017 to implement the process. This committee defines the filter criteria used and makes individual decisions on whether to retain or divest holdings. Any decision taken to divest holdings that do not comply with the screening criteria should generally be implemented by the end of the year.

2 201-2 | 203-2
412-3 | F511

1 Sustainability goal

1 103-2 | 103-3

1 Sustainability goal

In addition, we have defined negative screening criteria as part of the selection process for alternative asset classes (e.g. infrastructure investments and real estate). As well as classic criteria relating to the risk/return profile of investments, the screening process includes a sustainability risk assessment. No investments may be made in nuclear power projects, projects relating to animals (e.g. zoos and safari parks), assets involving significant levels of pollution or assets associated with controversial business models (e.g. gambling). In the case of real estate investments by the Group, the goal for direct purchases is to invest in buildings that have been certified as sustainable (e.g. buildings that have been awarded DGNB, LEED or BREEAM certificates). Such certification schemes cover the ecological, economic, sociocultural and functional aspects of properties, among other things.

INFRASTRUCTURE INVESTMENTS

1 203-1 | 203-2

2 103-1

1 Talanx has already been indirectly invested in infrastructure projects for some time via funds. The Group has systematically built up its expertise in this area in recent years and, since the beginning of 2014, has also participated directly in selected projects, supplying both equity and debt via a new, specialised unit. At present, our diversified infrastructure portfolio includes, among other things, finance for wind and solar farms, power grids and public-private partnership (PPP) projects in Germany and the rest of Europe (see also the “In focus” section on page 41).

Renewable energies, roads and power grids meet a population’s basic needs. Demand for investments in core infrastructure goods is largely immune to cyclical economic effects and is highly plannable for institutional investors. At the same time, the projects are a good fit for an insurer’s long-term investment horizon. These carefully selected projects offer attractive returns for an acceptable level of risk. As always, our goal remains to make sound investments in the interests of our policyholders and one of the core screening criteria for investments is a regulated environment, e.g. in the form of statutory feed-in fees, incentive-based regulation and public-private partnerships (PPPs). Most infrastructure investments are made within the eurozone. The focus is on projects from the transport, energy and social infrastructure sectors. The volumes planned for direct infrastructure investments are between EUR 30 million and EUR 150 million per project (equity) and between EUR 50 million and EUR 200 million (debt); the investment horizon is five to 30 years.


As of the end of 2018, Talanx had directly invested a total of approximately EUR 2.1 (previous year: 2.0) billion in infrastructure projects. Roughly EUR 1.3 billion of this figure is attributable to renewable energy sources. Over time, we aim to increase the sector diversification of our infrastructure portfolio 1.

These investments continue to be governed by our investment strategy and our investment guidelines for the infrastructure asset class, which provide for an assessment of reputational and sustainability risks at the start of the process. These negative screening criteria are also included, with the necessary modifications, in the investment guidelines for the Talanx Group’s divisions. All investments made by Asset Management are of a commercial nature.

SUSTAINABILITY OF INSURANCE PRODUCTS



2 **Materiality:** The “sustainability of insurance products” group of topics is material for the Talanx Group (see the section entitled “Materiality analysis” on page 14ff.) and can be broken down into two areas. On the one hand, it addresses customer concerns and has a significant influence on satisfaction, which in turn is decisive for the Talanx Group’s success. Issues include rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions. On the other hand, it also covers the inclusion of ESG topics in insurance solutions. In this case insurance products are reviewed for their ecological and social impact and their relevance to sustainable development.


Topic Boundary: Customer interests and customer satisfaction are key issues for the entire Talanx Group. Internally, product topics are mainly relevant for the divisions in relation to the organisation of the insurance business, while externally they are relevant for (potential) customers, business partners and intermediaries. Above and beyond this, the insurance business can also indirectly impact interest groups that are not directly involved in the value chain.


Impacts: Customer satisfaction is a critical success factor for the Talanx Group. Consequently, meeting customer needs is paramount; this is also reflected in the  Talanx Values with their reference to “comprehensive customer orientation” (page 20). Transparency and fairness, along with innovative, customer-oriented products and services, are key elements. In addition, customers may react positively to the inclusion of social issues and support for environmentally friendly products and projects, since social awareness of sustainability is growing. Customer satisfaction can also improve employee satisfaction and staff identification with their employer.

The Talanx Group's insurance services do not have any direct relevant environmental impacts. Rather, these services help ensure that environmental risks are adequately insured and that, in case of loss, the impact can be remedied or mitigated. Positive social impacts include the core purpose of the insurance business – it involves transferring risk so that losses arising from loss events can be absorbed and financial protection can be provided for both entities and individuals.

Nevertheless, the potential indirect ecological and social impacts of the insurance business on sustainable development, such as any consequences that insured projects may have, must be borne in mind: The Talanx Group is withdrawing from the provision of insurance protection for coal-based risks over the long term. The Group is thus committing to the process of transformation towards a lower-carbon economy and living up to the goals of the Paris Agreement on climate change, which it has already supported for a number of years. The governments of 195 countries have now agreed on a global action plan for a climate-friendly economy. 17 of the 28 member states of the European Union have already decided to phase out fossil fuels or are discussing such a move. As an insurance partner of industry, the Talanx Group will engage in a dialogue with customers to find constructive solutions for strengthening climate protection. Talanx's long-term goal is therefore to incorporate sustainability aspects into its insurance products and services to a greater extent .

Measures and guidelines: The Talanx Group already has a large number of measures and guidelines in place covering the material topics of rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions (see the section below entitled  “Responsibility to customers” (page 34f.) and the  “ESG in insurance Solutions” section (page 38ff.).

Responsibilities: Group-wide requirements governing the organisation of the insurance business and the design of insurance products include the Code of Conduct, which sets out the standards for responsible and ethical behaviour and specifies the rules to be observed in relation to topics such as financial sanctions and embargoes, anti-money laundering and sales compliance. Comprehensive compliance training is held, with a particular focus on sales compliance and preventing corruption, see also the  “compliance” management approach (page 20ff.). In addition, sector-specific initiatives such as the GDV's Code of Conduct for Insurance Distribution play a key role in the insurance business, see the “Responsibility to customers” section below.

The divisions are responsible for implementing guidelines, for strategy and for developing products and services, see also the section entitled  “Divisions, products and brands” (page 4f.).

Results and monitoring: The insurance companies belonging to the Talanx Group use a variety of instruments to track customer satisfaction, see the section entitled “Responsibility to customers” below. We have ensured the quality of our working processes and results by implementing an ISO 9001-certified quality management system (QMS) at individual Group companies, e.g. in bancassurance and at HDI Life and HDI Property. This allows us to meet our customers' and partners' requirements and expectations for the long term. The standard aims to use the the QMS to meet the required internal and external quality standards both now and in the future. The core principle is systematic customer and process orientation. All necessary operational processes are reviewed regularly for their optimisation potential. This process of continuous improvement ensures that customers receive consistent quality at all times and secures the organisation's long-term competitiveness.


 103-2

 103-2 | 103-3

 Sustainability goal

RESPONSIBILITY TO CUSTOMERS

¹  102-43 | 102-44

¹  A variety of tools are used to determine customer satisfaction. The Retail Germany Division performs customer satisfaction surveys at a number of different customer contact points using a measurement and management system that was introduced in 2012. In addition, cross-divisional pilot surveys have been conducted; ideally, these will lead in future to a uniform survey methodology and uniform basic questions (in addition to division-specific surveys and questions). Customer and intermediary satisfaction is also monitored using a number of annual surveys, e.g. the customer monitor, the YouGov tied agents' survey and the HEUTE UND MORGEN commercial insurance customer check, as well as the "KUBUS" studies ("Kundenorientiertes Benchmarking von Prozessen für die Unternehmens-Steuerung" – Customer-oriented Benchmarking of Corporate Management Processes) conducted by MSR.

²  417-1



 GDV Code of Conduct

In addition, a large number of companies perform their own customer satisfaction surveys for their own areas, which are channelled and supported by the internal Market Research unit. One particularly noteworthy example is the customer satisfaction survey that is performed at the end of the loss adjustment process at HDI's third-party liability, accident and property claims unit and its motor vehicle claims unit. In addition to the regular MSR satisfaction surveys, an e-mail poll of claims customers (policyholders and claimants) was successfully piloted in 2016. This was enhanced in the reporting period in the KuZu project, which included external service provider Netigate. The goal is to extend the survey in future to all areas of the Retail Germany segment (including bancassurance) and to introduce uniform monitoring.

Other external tools can also be used to measure customer satisfaction and assess the Talanx Group's performance. There are a large number of these on the topic of insurance, e.g. in newspapers and specialist magazines. Furthermore, we use the dialogue that takes place with our stakeholders during our sustainability management activities to gather feedback and identify the material challenges currently facing the Talanx Group.

Talanx's international companies also take a large number of steps to measure customer satisfaction and ensure service quality and performance for the long term.

EASY-TO-UNDERSTAND INFORMATION ABOUT INSURANCE SOLUTIONS

²  The Regulation on Information Obligations for Insurance Contracts (vVG-InfoV) imposes extensive duties to inform customers on the insurance industry, and Talanx naturally complies with these. Above and beyond this, providing easy-to-understand information about insurance solutions is a key part of the German Insurance Association's  Code of Conduct for Insurance Distribution. The revised Code aims to present a sector-wide standard for fair, needs-driven customer advice.

The fifth principle set out in Code requires insurance products to be developed and sold on a needs-driven basis. Simple, easily understandable product documentation should give customers the confidence to make conscious choices that are right for them. One of the main ways in which Group companies ensure clarity and understandability, for example, is by using a product/consumer information sheet. This sheet scores positively on the Hohenheimer Verständlichkeitsindex, a German readability index. The general terms and conditions for insurance policies, the annual life insurance policy statements and the sample calculations for life insurance are also based on the GDV recommendations. Following the introduction of the Insurance Distribution Directive (IDD), manufacturers of insurance products have to comply with more extensive supervisory and management requirements. The companies in the Retail Germany Division meet these. Products are developed using standardised creation and consultation processes, including uniform readability specifications. The bancassurance companies have also implemented the clarity and understandability guidelines contained in the GDV's Code of Conduct, and have supplemented them by brand-specific requirements. For example, in some cases the bank partners' requirements already exceed those contained in the Code of Conduct.

The Code's second principle states that advisory and brokerage activities must focus on customer needs, in particular in order to preserve customer trust. HDI obliges its tied agents and banking partners to put ascertaining these needs during consultations at the heart of their brokerage activities. In addition, consultations have to be carefully documented using standardised report forms. This is monitored by Complaints Management. Confirmation from customers that they have received a record of the advice provided is an integral part of our application/contract documentation. The standardised digital sales processes provided by HDI and the automated advisory processes also serve as basic consultation documents that are made available to customers. Giving customers easy-to-understand information and focusing on their needs are also a component of independent reviews and audits. A sales compliance management system was developed and implemented in 2016 for the sales forces at HDI Versicherung AG, HDI Lebensversicherung AG and our bancassurance companies to ensure that the Code is properly implemented. HDI Versicherung AG and HDI Lebensversicherung AG were recertified by an independent auditor in the reporting period.

In the area of payment protection insurance, the sector (including the bancassurance companies in the Retail Germany Division) implemented new statutory requirements at the beginning of 2018 that introduced additional transparency requirements and consumer rights: among other things, consumers are informed that payment protection insurance is voluntary and is not a precondition for being granted a loan. Consumers have the right and the opportunity to terminate the agreement at any time throughout its life. They receive a separate order confirmation for the payment protection insurance policy roughly a week after the loan contract has been entered into. They can also revoke the payment protection insurance policy in the first few weeks (up to 30 days after receipt of the welcome letter), in which case it will be annulled at no cost to the policyholder. Even after this, consumers can terminate the policy at any time, in which case the unused pro rata portion of their premium is refunded. Additionally, the GDV and the banking associations are developing voluntary undertakings designed to further increase transparency. The banking partners for the bancassurance companies



IN BRIEF

Company name and domicile:


HDI Assicurazioni S.p.A., Rome, Italy


Number of employees: 407


HDI Assicurazioni has had its own code of ethics for more than ten years, since it is convinced that observing ethical principles in business and social relationships is a prerequisite for business success.


(Hamburger Sparkasse AG, Postbank – a branch of DB Privat- und Firmenkundenbank AG, and TARGOBANK AG) are already working on disclosing to customers not just the loan instalment payment but also, for comparative purposes, the loan instalment payment that would be due if no payment protection insurance were payable; in some cases this has already been implemented. As a result, customers can directly see the monthly charge attributable to the payment protection insurance policy in addition to the amount explicitly disclosed in the agreement.

At Talanx's international companies, products are developed, modified and sold on the basis of internal processes. In particular, we take the necessary measures when developing and selling products to ensure that the law is complied with. Customers are provided with comprehensive, detailed product information, while products are properly labelled and comply with all other legal requirements.

Above and beyond this, Talanx helps promote financial education through the Talanx Foundation, among other things. This awards scholarships to students of insurance-related subjects, see also the  “corporate citizenship” management approach (page 68).

 417-2 | 417-3
419-1

 Talanx is not aware of any cases in the reporting period in which regulations or codes of conduct relating to product information or labelling were not complied with. The same applies to the sale of prohibited or controversial products and to failure to comply with regulations or voluntary codes relating to advertising.

The Group companies’ normal business activities may involve them in court and regulatory proceedings as well as arbitration cases. In the reporting period and at the reporting date there were no legal disputes, other than proceedings that are customary to the insurance and reinsurance business, with a material impact on the Group’s net assets, financial position and results of operations. See also the  “Litigation” section of the Group Annual Report 2018, page 241.

After the squeeze-out (i.e. the transfer of the shares belonging to minority shareholders to the majority shareholder in return for cash compensation) at Gerling-Konzern Allgemeine Versicherungs-AG, Cologne, that was resolved in September 2006 and took effect in May 2007, former minority shareholders launched judicial review proceedings (“Spruchverfahren”) regarding the appropriateness of the compensation. The proceedings are pending before the Regional Court in Cologne. The material risk is limited to the number of shares entitled to receive compensation (approximately 10 million shares) and the difference between the compensation already paid and the enterprise value of Gerling-Konzern Allgemeine Versicherungs-AG, which can be calculated as of the valuation date. In our opinion, the various provisions for litigation risks and the contingent liabilities for litigation disclosed cover the expected expenses.

At HDI Assicurazioni, the following case was relevant in 2018:

In May 2016, the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato, AGCM) fined HDI Assicurazioni and other insurance companies EUR 850,000 for infringing the Italian Consumer Code. The background to the case was the question as to the

competent court. The fine was paid in 2016, but the case was appealed to the Regional Administrative Court (T.A.R.) for the Latium region. The first hearing was set for 18 July 2018. On 11 September 2018, the T.A.R. filed its judgement on HDI’s appeal. On 10 December 2018, an appeal was filed with the Council of State asking it overturn the decision of the T.A.R. and to hear our other points.

Above and beyond this, significant fines in Italy in the reporting period related to the following issues:

- failure to comply with the requirements for formulating an offer to indemnify a person injured in a motor accident
- failure to accede to a request to access the documents in a motor vehicle claim file in good time (the deadline is 60 days)

No other court cases involving consumer interests were pending in the reporting period.


RAPID, TRANSPARENT CLAIMS PROCESSING

The individual divisions have defined service levels to ensure rapid, transparent processing of customer transactions. In Industrial Lines, these are also used with customers (in the form of service level agreements), especially in direct sales. These define workflows for the service times for certain transactions, which are discussed annually with customers. The objective here is to safeguard and improve competitiveness.

In 2015, the Retail Germany Division launched its multi-year “KuRS” (“Kundenorientiert Richtungsweisend Stabil” – Customer-oriented, Forward-looking, Stable) programme. The initiative aims to stabilise the division, improve its long-term competitiveness and hence make it fit for the future. Its implementation is focused on optimising business processes and increasing service quality for customers and sales partners. This also includes modernising the division’s IT and enhancing the transparency with regard to its portfolio data and costs. In 2016, work began on a project to harmonise the application environment. The objective is to establish a common portfolio management system for HDI Deutschland AG and the life and accident business. In 2017 and 2018, products and new business for the first additional HDI Deutschland AG companies were transferred to the common portfolio management system. In addition, we decided to realign our life insurance business: among other things, traditional classic life insurance products were replaced by capital-efficient concepts in 2016.

The first effects of the programme can be seen among other places in HDI's Claims function: the claims app in the third-party liability, accident and property claims unit and the motor vehicle claims unit, and of the FAST live calculation tool for motor vehicle claims, allowed major steps towards optimising existing processes and application environments to be taken and built on. The ability to generate added value for customers in the case of household contents claims by selecting individual payment variants laid a further foundation for alternative, state-of-the-art settlement concepts. Both elements of the digital transformation process and opportunities for enhanced customer contact are being incorporated into the claims management process. Customer service quality was enhanced by further optimising existing processes in the spirit of active claims management, such as needs-driven customer support in the case of cyberattacks. Another method of enhancing service quality is by anchoring a tailor-made service story among employees – the focus here is on ensuring that all claims staff take a positive approach to customers in every claim. Cross-departmental support from the specialists in the third-party liability, accident and property claims area is resulting in rapid, transparent claims management. In particular, this allows us to process accumulated claims rapidly and in a customer-friendly manner – Cyclone Friederike is worth a particular mention here. We successfully achieved our goals of completing claims processing on first contact as flexibly and rapidly as possible and while ensuring easy accessibility. The seals of quality we were awarded for regulating homeowners' insurance claims reflect the positive feedback we have received from customers.

FINANCIAL INCENTIVES FOR FAIR SALES ADVICE

Talanx's group-wide Code of Conduct sets standards for responsible and ethical behaviour at all levels of the Group, see also the chapter entitled  "Compliance and Transparency" (page 20ff.). Sales compliance is also covered by the Code, as well as being the subject of extensive compliance training.

In order to ensure that intermediaries have the necessary qualifications and expertise required for advising customers, domestic Group companies have been active since 2013 (the year of its launch) in the "Gut beraten – Weiterbildung der Versicherungsvermittler in Deutschland" initiative, which was set up by the GDV and the associations of intermediaries in the German insurance industry. Furthermore, HDI provides ongoing support for the initiative by participating actively in the relevant bodies. In addition to HDI Vertriebs AG, the neue leben Versicherungen, TARGO Versicherungen and PB Versicherungen bancassurance companies have joined the educational initiative in order to raise the qualification levels of their sales partners and employees transparently and for the long term.

The Insurance Distribution Directive (IDD) and the associated delegated acts introduced a new legal framework during the reporting period. The GDV Code of Conduct for Insurance Distribution was adapted to changes in the statutes. The requirements resulting from the new framework were implemented at Talanx before the deadline for this. As regards potentially inappropriate incentives, successive changes were already made to the remuneration rules, organisational processes and controls in previous years (and especially when implementing the GDV Code of Conduct), so as to avoid such incentives in the case of intermediaries. They were reviewed again to ensure they meet the new statutory requirements and – where this was considered necessary – existing remuneration rules and competitive tenders were adapted. The independence of insurance intermediaries is guaranteed. Clear rules apply to any additional remuneration that is granted and sample agreements are used.


The GDV Code of Conduct and the GDV's interpretation of its principles also offer a framework for dealing with conflicts of interests; in addition, their implementation in the Retail Germany Division is leading to its own guidelines being drawn up. Following the successful certification of the HDI companies as complying with the Code, its application by the insurance companies was regularly monitored by the Compliance Management Steering Committee for the sales force. Preparatory work on the next appropriateness review for the GDV Code of Conduct had already started at the 2017 year-end. The requirements of the IDD, including the delegated acts that still had to be specified and its transpositions into national law, were implemented on schedule during the reporting period. Equally, at the bancassurance companies the measures already taken to implement the GDV Code of Conduct are being used as the foundation for the IDD requirements, which are being implemented

in line with the statutory rules. The measures contained in the GDV Code of Conduct were also incorporated into standard operating practice at all companies that have signed up to the Code. We are continuing to drive forward implementation of the additional statutory requirements as a high priority in a follow-up project.

From the perspective of Talanx's international companies, the quality of the support provided for intermediaries and of customer advice is a critical success factor that is ensured by continuous training and by complying at all times with the current legal situation.

ESG IN INSURANCE SOLUTIONS

¹  FS7 | FS8

¹  A large number of products from the Talanx Group's insurance companies support environmentally friendly technologies and behaviour or take social interests into account. For example, the services provided help ensure that environmental risks are suitably insured and that the impact of any damage can be remedied or mitigated.

Under the German Environmental Damage Act (USchadG), entities, traders and self-employed professionals are liable for emissions and events that result in damage to protected species and natural habitats (biodiversity), water and the soil. Commercial environmental insurance covers such damage and enables it to be made good. In addition, third-party liability insurance covers environmental damage in those cases in which a party causes such damage to a third party. Moreover, the tariff structure used in motor insurance, for example, favours low average annual mileage and hence promotes environmentally friendly driving behaviour.

HDI Lebensversicherung AG offers a quality-assured range of funds as part of its unit-linked annuity insurance. This selection also contains two sustainably managed funds: the Pioneer Funds – Global Ecology A EUR fund invests in environmental technology companies, while the fund managers for the terrAssisi Aktien I AMI fund use ethical criteria to select their investments. In addition, HDI has created proprietary portfolios such as the “Investment-Stabilitäts-Paket Zukunft” and the “Managed Fund Konzept Zukunft” for customers. Both portfolios invest exclusively in companies and bonds whose sustainability is reassessed at regular intervals. See also the section entitled  “ESG in asset management” (page 30ff.).

The various insurance areas within Industrial Lines also offer a wide range of approaches that are relevant from a sustainability perspective. For example, insurance against environmental damage is offered in the areas of motor and third-party liability insurance.

Additionally, in the motor vehicle area, some fleet business makes use of telematics, which can reward ecologically friendly and safe driving. We also offer driving training classes for customers. Above and beyond the insurance business itself, safety engineers offer fleet consulting and risk management services that take sustainability criteria into account. And, last but not least, the line produces a number of publications for customers, e.g. on driving times and rests, hazardous goods transports and first aid at the scene of accidents.

Customers in the renewable energies, photovoltaics and solar cells areas are offered marine insurance. Our risk management staff also provide support for customers on how to secure loads, advise on packaging and assist in logistics planning. Among other things, this “start assist” service from our risk management experts ensures that projects can qualify for insurance in the first place. Another example of a service above and beyond the insurance business in the narrower sense of the word is the range of publications and information produced by the Marine line, such as information for drivers about freight thefts. The line partners with a number of organisations, including customers and, most recently, the Lower Saxony State Office of Criminal Investigation (LKA) in order to prevent freight thefts, accidents and attacks, and to conserve resources.

Products with ecological and social components are also offered in the field of third-party liability insurance. This includes insurance cover for hospitals, for major pharmaceutical risks and for participants in clinical trials – and hence contributes to ensuring progress in research – as well as cover for renewable energies.

Engineering insurance offers a wide range of insurance solutions that promote renewable energies, from onshore and offshore wind power projects through photovoltaics down to geothermal energy. The Industrial Lines Division also covers prototype development, such as tidal power plants. Insurance cover starts with construction and extends for many years of operation at the customer. In this way, Talanx Group companies such as HDI Global SE provide support for technologies that reduce CO₂ emissions and for the change in energy policy in Germany.

In the field of wind power, we offer cover for the construction and operation of onshore and offshore projects. In Europe, cover has already been provided for offshore wind farms, while in the rest of the world preparations for this are being made with the active support of HDI Global SE. Engineering insurance has created a dedicated centre of competence to provide end-to-end customer support and offer optimal solutions. Cover has been written for the construction and operation of onshore projects around the world. As regards photovoltaics, the Industrial Lines Division supports systems ranging from just a few megawatts to large plants in the gigawatt category. In this context, Industrial Lines does not restrict itself to conventional photovoltaic modules that convert solar energy directly into green power, but also offers insurance cover for new ways of generating power from solar energy, such as parabolic trough power plants. In addition, HDI Global SE supports customers by performing risk inspections during the construction and operation phases for all of the above-mentioned types of power plant, in order to make operations as smooth as possible. Together with the GDV and other insurance companies and partners, HDI Global SE developed the “Offshore Code of Practice” (OCOP), which offers international guidelines for the offshore wind farm risk management process.

HDI Global SE is also the first industrial insurer in Germany to have offered the option of comprehensive insurance cover for weather risks and their potential consequences, and hence to offset financial losses resulting from insured weather events. Its “KLIMARisk – the weather risk insurance” product is offered to enterprises from all sectors.

No information is currently available on the monetary value of products and services developed by the Talanx Group to deliver a specific environmental or social benefit.

The Talanx Group’s [Code of Conduct \(page 20f.\)](#) covers compliance with human rights at industrial policyholders. Legally correct, responsible behaviour is critical for our business success. This also applies to our relationships with business partners, customers and the general public.



IN BRIEF

Company name and domicile:
HDI Global SE – the Netherlands,
Amsterdam Branch, Netherlands
Number of employees: 327

Insurance products in the Netherlands also have to be checked for compliance with the product approval procedures. Among other things, this includes screening for “safety in use”: does the product do what it promises and does the customer know what he or she is buying? The Compliance department is also involved in this process to check whether the relevant tests have been performed and whether the duty of care has been complied with. The company performs the actual tests itself and collects information provided in the context of complaints and feedback.

We do not capture data on supporting a healthy lifestyle, since the Talanx Group is only active in the field of e.g. health insurance to a very limited extent.

¹ One of the ways in which the Talanx Group offers access to the insurance market for all sections of the population, especially in sparsely populated and economically disadvantaged areas, is by ensuring comprehensive insurance provision via its different sales channels. In the case of the Retail Germany Division and the bancassurance companies, the insurance companies also use remote advice and online sales. The apps that customers can use to encrypt documents to be sent to the bancassurance companies, which were introduced a number of years ago, were upgraded and distributed more broadly. This permits both more efficient handling of customer concerns and more rapid processing. In addition, individual bancassurance companies offer their customers a digital signature option that enables less resource-intensive and significantly shorter contract processing.

¹ FS13






Secondly, for example, the Industrial Lines Division not only provides cover and advice on constructing and operating different types of power plant in developed markets in Europe, North America and parts of Asia, but also promotes climate-friendly energy development in South America, Africa and other emerging markets and developing countries. The Talanx Group also makes an impact in emerging markets and developing countries via joint ventures such as those in India or Vietnam, among other things. These joint ventures can create jobs and facilitate economic growth, e.g. by transferring risk or extending loans. In addition, the Hannover Re Group offers microinsurance and agricultural insurance designed to mitigate against the financial impact of climate-related crop damage.

Apart from ensuring uniform coverage of the areas in which the Group companies covered by this report offer their services, the companies provide (potential) customers with access to their products via the website, mobile apps and intermediaries who also visit customers at home. The WARTA Group also offers national call centres where customers can obtain the full range of information about products and services plus mobile experts who can assess losses on the ground.

SUSTAINABLE DEVELOPMENT GOALS

in descending order of importance, the SDGs that are relevant for the Talanx Group's "Investment and Insurance Products" action area are as follows: SDG 1 (No Poverty), SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 13 (Climate Action) and SDG 8 (Decent Work and Economic Growth).

T6 **SDGS IN THE "INVESTMENT AND INSURANCE PRODUCTS" ACTION AREA**

SDG	Relevant targets
 1 NO POVERTY	SDG 1.1 Eradicate extreme poverty
	SDG 1.2 Reduce by half the proportion of men, women and children of all ages living in poverty
	SDG 1.4 Ensure equal rights to economic resources, as well as access to basic services
	SDG 1.5 Build the resilience of those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other disasters
	SDG 7.1 Ensure universal access to affordable, reliable energy services
 7 AFFORDABLE AND CLEAN ENERGY	SDG 7.2 Increase the share of renewable energy in the global energy mix
	SDG 7.3 Rate of improvement in energy efficiency
	SDG 9.1 Develop reliable, sustainable infrastructure
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	SDG 9.2 Promote sustainable industrialisation and significantly raise industry's share of employment and gross domestic product
	SDG 9.3 Increase the access of small-scale industrial and other enterprises to financial services
	SDG 9.4 Upgrade infrastructure and retrofit industries
	SDG 9.5 Enhance scientific research, upgrade technological capabilities and encourage innovation
	SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards
 13 CLIMATE ACTION	SDG 13.2 Integrate climate change measures into strategies and planning
	SDG 13.3 Improve awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning
	SDG 8.1 Sustain per capita economic growth and 7% gross domestic product growth per annum
 8 DECENT WORK AND ECONOMIC GROWTH	SDG 8.2 Achieve economic productivity through diversification, technological upgrading and innovation
	SDG 8.3 Promote decent job creation and encourage the growth of micro-, small and medium-sized enterprises, including through access to financial services
	SDG 8.4 Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation
	SDG 8.7 Forced labour, modern slavery, child labour and human trafficking
	SDG 8.8 Protect labour rights and promote safe and secure working environments for all workers
	SDG 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

In focus

REACHING OUR CLIMATE GOALS

FROM AN INVESTOR IN RENEWABLE ENERGIES TO A PIONEER OF THE GREEN ENERGY REVOLUTION

Since 2014, Talanx has helped drive forward the green energy revolution and reduce emissions by making significant direct investments in renewable energy projects. However, investing in renewable energies can only be the starting point if we are to reach our sustainable climate goals cost-efficiently and effectively. The following factors play a key role in implementing the green energy revolution and hence in achieving our climate goals:

- Greater sector coupling, i.e. an integrated energy system spanning the electricity, heat, mobility and industrial sectors¹⁾,
- Decentralised energy generation and storage
- Smart cities (smart metering, the Internet of Things [IoT], etc.) and
- Expanding e-mobility.

Power grids and the need to expand them are emerging as a bottleneck in the energy revolution, especially given the plans to phase out coal and nuclear power. Thousands of kilometres of transmission network need to be optimised in the coming years if we are to avoid regional shortages.²⁾ Efficient cross-border energy sharing also requires substantial investments in integrating Europe's power grids. A total of approximately EUR 52 billion will have to be invested by Germany's transmission network operators alone according to the



Dr Thomas Mann, Chief Investment Officer, Ampega Asset Management

“I am happy that institutional investors are playing an increasingly important role in offering infrastructure finance”



estimates underpinning the country's current Network Development Plan 2030. Transmission system operator Amprion, a Talanx Group investee, plays a key role here. By taking a stake in the company, Talanx has built on its billions of direct investments in renewable energy projects and is now pioneering solutions to the green energy revolution by helping to solve the critical network bottleneck. In doing so, it is participating not only in a national but also in a European solution to securing and increasing the quality of electricity supplies.

In addition, Talanx is investing in regional distribution networks to ensure that individual households can also access reliable sources of power. One of the ways it is doing this is by providing long-term finance for Finland's leading distribution network operators, and hence helping to renovate the country's national power grids. In this way, the Talanx Group is helping to implement the Finnish government's decision to weatherproof the country's distribution networks so as to ensure reliable supplies for its population as part of its public service mandate. Among other things, older overhead distribution networks are being replaced by underground cables, which are much less susceptible to the weather.

¹⁾ <https://www.bee-ev.de/english/>

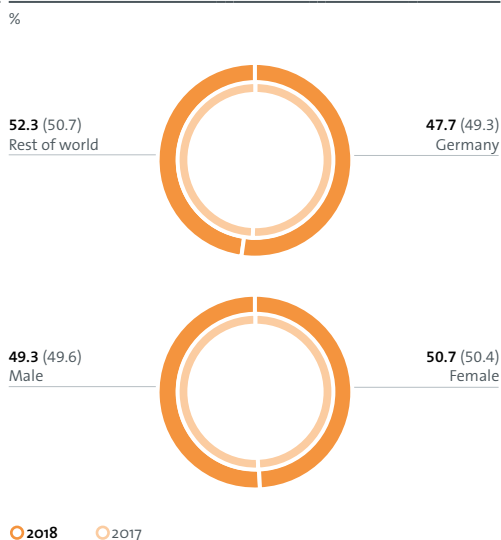
²⁾ <https://www.bmwi.de/Redaktion/EN/Dossier/grids-grid-expansion.html>

5 WORK AND EMPLOYEES

The Talanx Group impacts society by giving work to its employees – as the third-largest insurance group in Germany with business links to more than 150 countries, it is a major employer and provider of education and training. We provide a considerable economic stimulus not only by employing people directly at locations throughout the world, but also by placing orders with (regional) suppliers and service providers. Additionally, our activities in the area of education and training extend above and beyond our core business, especially through the work of the Talanx Foundation and our support for student organisations, see the chapter entitled “Corporate Citizenship”.

The Talanx Group employed 22,193 (21,604) people worldwide as at the 2018 year-end, 10,587 (10,651) of whom were in Germany and 11,606 (10,953) in other countries.¹⁾ A total of 10,944 (10,716) employees were male and 11,249 (10,888) were female (see also Figure 6).

F6 BREAKDOWN OF WORKFORCE BY GERMANY/
REST OF WORLD AND BY GENDER



The following section gives a detailed breakdown of our workforce by a number of different aspects.

¹⁾ 102-8

¹⁾ The breakdown of the Talanx Group’s workforce by region is given in Table 7.

¹⁾ Comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included.

T7 WORKFORCE BY REGION AND GENDER ¹⁾

Region	Number	%	Gender in % by region	
			Male	Female
2018				
Germany	10,587	47.7	52.4	47.6
Central and Eastern Europe including Turkey	3,759	16.9	41.2	58.8
South and North America	4,436	20.0	49.1	50.9
Rest of Western Europe	2,432	11.0	52.3	47.7
Other regions	979	4.4	40.7	59.3
Total	22,193	100.0	49.3	50.7
2017				
Germany	10,651	49.3	52.7	47.3
Central and Eastern Europe including Turkey	3,527	16.3	41.5	58.5
South and North America	4,071	18.8	48.8	51.2
Rest of Western Europe	2,396	11.1	52.5	47.5
Other regions	959	4.4	41.7	58.3
Total	21,604	100.0	49.6	50.4

¹⁾ Comprises the entire Talanx Group including the Hannover Re Group (100% coverage).

The breakdown of the Talanx Group’s workforce by employment contract (limited-term versus permanent), type of employment (full-time versus part-time) and gender is given in Table 8.

T8 WORKFORCE BY EMPLOYMENT CONTRACT,
TYPE OF EMPLOYMENT AND GENDER ¹⁾

Employees	Number	Male	Female
2018			
Total	22,193	10,944	11,249
Temporary	1,164	505	659
Permanent	21,029	10,438	10,590
Full-time	19,744	10,666	9,078
Part-time	2,449	278	2,171
2017			
Total	21,604	10,716	10,888
Temporary	917	404	513
Permanent	20,687	10,312	10,375
of whom full-time	19,173	10,448	8,725
of whom part-time	2,431	268	2,163

¹⁾ Comprises the entire Talanx Group including the Hannover Re Group (100% coverage).

As shown in Table 8, 94.8% of Talanx Group employees have permanent employment contracts. A total of 11.0% (11.4%) of all employees work part-time.

In the Retail Germany Division, insurance is sold via insurance brokers, bank sales partners and cooperative arrangements with other businesses, as well as by tied agents (employees) and by self-employed commercial agents working exclusively for HDI. All in all, 369 (408) commercial agents worked for HDI's tied agent operations at the 2018 year-end. In addition, the Talanx Group had a total of 361 (605) contract workers in Germany. This figure corresponds to less than 4% (6%) of the total number of staff employed in the country.

The following sections in this chapter contain detailed information on the Talanx Group's workforce in Germany (excluding the Hannover Re Group).

1 There are no significant variations in the number of employees, e.g. for seasonal reasons, in the Talanx Group. Employee data are captured centrally and locally using a number of different software systems such as SAP and Tagetik.

2 A total of 92.2% (92.0%) of Talanx Group's employees in Germany (excluding the Hannover Re Group) are covered by collective bargaining agreements, i.e. the companies are members of the Employers' Federation or apply the national general collective agreement for the private insurance industry. Payment for the remaining employees is not covered by collective bargaining agreements. The large majority of these are people who perform special duties or have responsibility for areas for which the requirements are higher than those set out for the highest remuneration group under the collective bargaining agreement.

EMPLOYEE RECRUITMENT AND DEVELOPMENT

3 **Materiality:** Competent, committed and entrepreneurial staff are a critical success factor for the Talanx Group. This means that recruitment, education and training are material topics for us. Our employees use their many and varied talents at our different Group companies to drive forward our business success and promote customer satisfaction. Our professional programmes assist in employee development and help staff continuously

enhance their skills. These offerings also take developments such as demographic change, the decline in the size of the workforce and changes in the world of work into account. The Talanx Group uses a variety of strategic approaches to ensure it always has adequate numbers of talented young staff. These include dual training, dual-track degree programmes, and induction, graduate trainee and talent programmes.

Topic Boundary and impacts: Human Resources is the main function within the Talanx Group responsible for employee issues, although these also affect individual employees and hence the Group as a whole. Externally, personnel marketing is one of the key tools used to underpin the Group's image as an attractive employer for (potential) applicants. In addition, there are impacts everywhere in the value chain where employees come into contact with customers, since well-qualified customer support staff ensure the quality of our services. Therefore, sound education and training are a prerequisite for our business success and competitive position.

4 **Measures and guidelines:** Our human resources work aims to ensure our Company's sustainable, profitable growth. We can achieve this by having the right people in the right place and by assigning them the right tasks. Value-based management and a spirit of cooperation are at the heart of everything we do. An effective, efficient human resources process is needed in order to remain competitive in the long term and to attract and retain qualified employees. It also ensures that the Talanx Group is well positioned to meet the challenges posed by demographic change. Human resources support, human resources marketing, initial professional training and employee development are key components of our Group-wide human resources work.

5 A transparent management style aims at promoting a risk-conscious, high-performance culture among our employees. Our management tools and flat hierarchies assume a high degree of individual personal responsibility. In addition, the Talanx Group offers performance-related pay, flexible working hours where the job permits and attractive social benefits. The latter include occupational retirement provision, capital accumulation benefits, and holiday and Christmas bonuses. Group companies have generally made defined contribution or defined benefit pension commitments to their employees. Measured in terms of the sums involved, the majority of pension

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 Annual Report


 Fair Company

 Sustainability goal

commitments are based on defined benefit plans. Additional information on the Talanx Group's pensions and other post-retirement benefits is to be found in the  Annual Report 2018 (see the section entitled "Provisions for pensions and other post-employment benefits" on page 214ff.). All these benefits are reflected in our moderate staff turnover rate and employees' long periods of service with the Group, see also the section entitled  "Recruiting and attracting talent" (page 45f.).


Initial professional training is a key component of our activities to attract and retain new talent in Germany. This can be seen from the consistently high number of vocational trainees who are taken on permanently after completing their courses, which has been 80% to 90% for years. Different companies within the Talanx Group offer a wide range of training options, from classic vocational training through to bachelor's degrees.


A broad range of internal training opportunities ensures our employees have the skills they need to perform their current and future tasks. In addition, our financial support for in-service training and degree programmes promotes employability in general.

Identifying and developing the next generation of managers and specialists is another focus of our human resources development work. Potential candidates are prepared and qualified for their future work using individual development and induction programmes. As a result, management and specialist positions can largely be filled from within the Group's own ranks, assuming candidates are equally qualified; see also the section entitled  "Recruiting and attracting talent" (page 45f.). This human resources policy offers career-driven high performers especially attractive prospects. In addition, we provide ongoing skills development measures aimed at expanding employees' professional knowledge and strengthening their personal skills. Employee reviews, feedback instruments and personal stocktaking exercises can also be used to enable staff to reflect on their own behaviour and adapt to changed requirements.

The Talanx Corporate Academy is an established, successful core tool for strategy implementation and cultural development within the Group. The programme teaches strategy issues to top managers from all divisions. The focus in 2018 was on digital transformation and agility.

The Talanx Group's strategic focusing of its university marketing on five selected universities and institutions of higher education is designed to attract suitable graduate recruits for the Group.

In April 2016, the Talanx Group joined the  Fair Company Initiative, Germany's largest employer initiative for students and young professionals. Around 600 companies in Germany have signed up to the initiative, which was launched by *karriere.de* – a portal run by the "Handelsblatt" daily newspaper and "WirtschaftsWoche" magazine. It aims to promote reliable, recognised quality standards and transparent rules for interns. By joining, the Talanx Group has underscored its existing long-term commitment to the responsible, forward-looking organisation of student placements.

Talanx has Group also set itself the goal  of continuously reviewing its rules and guidelines in the area of work and employees. One of the aims here is to analyse whether it would make sense to expand them to include sustainability criteria and, if so, how to do this.

Responsibilities: We need effective, efficient human resources processes and services to compete for the next generation of top talent and in order to meet the challenges posed by demographic change. Human resources support, human resources marketing, initial professional training and employee development are key components of our Group-wide human resources work. The Spokesman of HDI Service AG's Board of Management is responsible for personnel activities throughout the Group, including implementing and enhancing our human resources strategy, planning and managing the human resources functions' strategic goals and operational activities, and managing stakeholders and their needs. The Talanx Group's Labour Relations Director is responsible for human resources at the level of the Talanx Group's Board of Management.

The various units within the human Resources department are responsible for initiating the Group's human resources policy and the concepts behind its strategy in this area, and for developing and implementing leading-edge human resources activities. In addition, the department has specialists in the areas of human resources management (including support and human resources marketing), employment law, remuneration management, occupational pensions, human resources administration (including payroll administration and human resources controlling) and human resources development (including education and training, talent development and change management).

Other key tasks include ensuring at a strategic level that the Company recruits and retains talented young staff by offering dual training, dual-track degree programmes, and induction, graduate trainee and talent programmes. Responsibility generally extends to the Group companies in Germany with the exception of the Hannover Re Group; in the case of some topics (e.g. international programmes such as the Management Development Programme or implementation of the Talanx Values) it also extends to our foreign companies.

The Talanx Group's activities in the area of education and training also extend above and beyond its responsibility for its own employees, see the chapter entitled "Corporate Citizenship" (page 68).

1 **Results and monitoring:** Human resources controlling is responsible for planning, managing and monitoring human resources activities and processes within the Talanx Group. Key elements of this process include regular analyses of changes in the headcount and human resources reporting (both internal and external). In addition, the Operational Auditing Competence Centre performs risk and process assessments in accordance with the principles of the Institute of Internal Auditors (IIA) for the human resources audit area.

RECRUITING AND ATTRACTING TALENT

2 The tables below document the numbers of staff joining and leaving the company in the reporting period. Tables 9 and 10 show a breakdown of these employees by gender, while Tables 11 and 12 give a breakdown by age. For comparative purposes, the section entitled "Diversity and equal opportunity" (page 49f.) gives a breakdown by gender and age.

T9 NEW HIRES AND DEPARTURES BY GENDER (GERMANY)

Gender	New hires		Departures	
	Number	% ¹⁾	Number	% ¹⁾
2018				
Germany				
Male	285	3.1	461	4.8
Female	195	2.1	354	3.7
Total	480	5.2	815	8.5

¹⁾ Figures for Germany (excluding the Hannover Re Group) were calculated uniformly using the average headcount.

T10 NEW HIRES AND DEPARTURES BY GENDER (REST OF WORLD)

Gender	New hires		Departures	
	Number	% ¹⁾	Number	% ¹⁾
2018				
Rest of world				
Male	584	17.8	589	17.8
Female	707	8.0	702	8.1
Total	1,291	9.7	1,291	9.7

¹⁾ Figures for the foreign companies were calculated uniformly using the average headcount.

T11 NEW HIRES AND DEPARTURES BY AGE (GERMANY)

Age	New hires		Departures	
	Number	% ¹⁾	Number	% ¹⁾
2018				
Germany				
Under 30	173	1.9	177	1.9
30–50	275	3.0	347	3.6
Over 50	32	0.3	291	3.0
Total	480	5.2	815	8.5

¹⁾ Figures for Germany (excluding the Hannover Re Group) were calculated uniformly using the average headcount.

T12 NEW HIRES AND DEPARTURES BY AGE (REST OF WORLD)

Age	New hires		Departures	
	Number	% ¹⁾	Number	% ¹⁾
2018				
Rest of world				
Under 30	546	7.5	416	5.7
30–50	695	9.6	707	9.7
Over 50	50	0.7	168	2.3
Total	1,291	17.8	1,291	17.8

¹⁾ Figures for the foreign companies were calculated uniformly using the average headcount.

Employee turnover for the Talanx Group amounted to 8.5% (7.2%), a moderate rise year-on-year. The main reasons for this apart from natural turnover were terminations by employees and severance agreements.

3 Standard entry-level salaries in Germany are based on the collective wage agreement for the insurance industry. For our employees, they are always above the statutory minimum wage. We use a Group-wide job assessment process for senior executive positions. Entry-level salaries for

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new hires are gender-neutral and are determined on the basis of the position involved and the employee's qualifications and professional experience.

1 202-2

1 Generally, 100% of senior executives in Germany and in Talanx's foreign subsidiaries are recruited locally. This group is defined as comprising the members of the relevant boards of management and the executives reporting directly to them. German managers are also seconded to perform certain management functions at locations abroad for limited periods as part of personal development measures. We are facilitating a growing number of exchanges of specialists and management personnel between our German and foreign units as part of the Group's internationalisation strategy. We also regularly assign colleagues from subsidiaries and branches abroad to take part in key international projects within the Talanx Group, and these staff members then work temporarily in Germany as a result.

A total of 101 (91) management positions needed to be filled in Germany in the reporting period. Of these open positions, 77 (76.2%) were filled by internal candidates during the period; the relevant figure for the previous year was 59 (64.8%).

The average period of service for employees in the Talanx Group in Germany was 15.4 (15.1) years as at 31 December 2018.

EDUCATION AND TRAINING

2 404-1

2 In Germany, a total of 23,000 (19,750) days of continuing professional development (CPD) were devoted to specialist insurance seminars and sales training, methodological and behavioural training, specialist and management training, and language and IT courses in 2018. The CPD offering is aimed at all Talanx Group employees in Germany (with the exception of the Hannover Re Group) regardless of their position in the corporate hierarchy; additionally, some programmes are specifically designed for the bancassurance and sales companies. This corresponds to roughly 2.5 (2.0) days of CPD per person per annum. Both managers and employees in non-managerial positions received an average of approximately 2.5 days' training.

3 Table 13 gives an overview of Talanx's skills management programmes and instruments in Germany.

T13 SKILLS MANAGEMENT AT TALANX

Induction and development programmes

Management Development Programme (MDP) – international ¹⁾

Talanx Executive Programme (TEP)

Divisional Development Programme (BEP)

Certified Project Manager Development Programme (EPP, Zert.)

Expert Development Programme (EPE)

First-time Manager Development Programme (EPF)

Talent Development Programme (PEP)

Career starter programme for former apprentices and dual-track degree course students (Top 11)

Graduate Trainee Programme (Industrial Lines)

"Betrieb Leben" project workshop

Human resources development instruments

Stocktaking exercise

Coaching for specialists and managers

Mentoring programme for women



Talanx Corporate Academy

Specialist seminars


See 404-1

¹⁾ The MDP is also open to employees in other countries.

We consider employee qualifications as a critical success factor, which is why our companies have implemented concrete professional development programmes for employees and managers. Where appropriate, these programmes can also be tailored to specific employees groups in order to maximise their effect. Measures include seminars, training courses and individual coaching offerings that are developed on the basis of employee reviews. In some cases where employees are made redundant or terminated, outplacement programmes designed to ensure a smooth transition are offered. Employees approaching retirement, for example at HDI Austria, are able to opt for partial retirement for a certain transitional phase. This means that the employer can reduce the number of hours they work.

¹  Different companies have different tools and processes that managers use to hold regular feedback discussions with their staff, due to different works agreements. Naturally, our managers are also requested to regularly engage in dialogue with their employees outside of formal staff reviews. Talanx’s senior executives have annual reviews with their superiors as part of their goal-setting process. The review process is aligned with our  Talanx Values (page 20) and has been used for senior (i.e. generally tier 1 and 2) executives throughout the Group since 2014.


TALANX AS AN EMPLOYER

²  **Materiality:** Numerous examples can be given of developments that are changing the nature of work within the Group. These include a rising number of older members of the workforce, the younger generations (generations Y and Z), the need for greater mobility and an improved work-family balance, increasing globalisation and an associated rise in the proportion of women in work and of people in our society who come from migrant backgrounds.

Our proactive diversity management policy, our offerings for achieving a better work-family balance and the remuneration and other company benefits that we provide aim not only to create an open and inclusive working atmosphere in which people with a wide range of individual skills collaborate readily, but also to actively and consciously use and promote diversity in order to maintain and increase our Company’s success and competitiveness. Respecting and observing human rights are core parts of how we see ourselves as a company.

Topic Boundary: The topic of Talanx as an employer, with all its many different aspects, is relevant for the entire Talanx Group up to and including its individual employees. Outside the Group it is relevant to the supply chain/value chain, e.g. it is important for (potential) job applicants, but also for customers and business partners with whom our employees are in, or make, contact.

Impacts: Employee diversity is part of our DNA. We cultivate a corporate culture of respect, appreciation and mutual acceptance. Talanx employs women and men from an extremely wide range of national, ethnic, religious and personal backgrounds and of different ages, as well as people with and without disabilities and with different sexual orientations. It is precisely this diversity that makes our heterogeneous Group successful. Therefore, for us diversity management means consciously encouraging employee diversity and reaching as many potential applicants as possible. At the same time, our actions can contribute to promoting acceptance and openness within society and hence make a positive contribution above and beyond a fundamental respect for human rights. Our additional benefits and concrete offerings designed to improve our employees’ work-family balance support our staff in particular, contributing both to their basic security and to their general satisfaction.

³  **Measures and guidelines:** The Group has already taken a number of measures to promote diversity, to prevent discrimination and to support our employees in their development regardless of their origins. In addition, a number of internal rules and regulations aim to ensure and check compliance with human rights. A number of works agreements on human resources topics also exist.


In its  “Diversity Commitment”, the Group Board of Management has undertaken to acknowledge and value diversity and to incorporate it in Talanx’s corporate culture. In addition, in 2013 the Board of Management signed the  Diversity Charter, a corporate initiative designed to promote diversity at companies and institutions.

The Board of Management also takes diversity into account when filling executive positions within the Company. This is set out in the  Corporate Governance Principles.

¹  404-3

²  103-1


³  103-2

 Diversity Commitment

 Diversity Charter

 Corporate Governance


One example of how we promote diversity is our cross-generational mentoring programme for young professionals, which teams up young staff on dual-track degree programmes with experienced managers who act as mentors, encouraging their mentees' development and sharing their own knowledge and experience. In addition, Talanx offers a number of training seminars that specifically prepare managers for dealing with the particulars of diversity in practice, e.g. when managing multinational and cross-generational teams. Job rotation helps further promote a culturally and ethnically international Group.

Talanx employs people with international roots and different cultural backgrounds. The Group is participating in the  "Adelante" project, which enables EU citizens to receive vocational training at companies in Germany.

 Adelante project

Talanx also sets store by a healthy work-life balance. Our divisions offer employees a wide variety of options for professional and personal development during all phases of their lives. We create an attractive, family-friendly working environment and conditions in which both men and women can combine a job and a family as a matter of course. This is why we offer our employees flexible working time models and the ability to work part-time.

In addition, our family service supports parents by helping them to find suitable childcare. A further way in which we support parents of pre-school age children is by paying a monthly contribution towards their childcare costs. Since 1 January 2014, this has been granted to employees who resume working for a Talanx Group company in Germany (excluding the Hannover Re Group) during or after the end of their parental leave. Since we recognise that the ability to combine a career and a family is important for our employees, we not only offer extremely flexible part-time working options but also allow staff to work from home during their parental leave period. As part of our efforts to improve the work-family balance, the employers at our Hamburg, Hannover and Hilden locations have all set up parent-and-child offices; a further office was opened in Cologne in July 2018. These offer emergency support to parents with short-term childcare problems (which can arise, for example, if their child minder is suddenly taken ill or lessons at school are cancelled at short notice). In this way, parents can look after children up to the age of 12 and work at the same time. In addition, the Talanx Group provides a specified number of nursery care places in Hannover.

Employees are also granted other company benefits such as special leave in certain circumstances, subsidised lunches and the subsidised use of public transport, see also the section entitled  "Remuneration and benefits" on [page 52](#).

The Talanx Group is committed to ensuring equal opportunities for men and women and intends to further increase the proportion of women in management positions in the long term. The Act on the Equal Participation of Men and Women in Management Positions in the Private and Public Sectors requires listed companies and companies that are covered by co-determination requirements to set targets for the proportion of women on their supervisory boards and boards of management/among their managing directors, as well as at the two tiers of management below this, and to report on whether these targets have been met.

HDI

IN BRIEF

Company name and domicile:

HDI Global SE – Direction pour la France,
Paris Branch, France

Number of employees: 137

The HDI branch in France aims to offer its employees the best possible working environment. A number of measures designed to help achieve this goal were performed in the reporting period. These included:

- Implementing individual career discussions and personalised training programmes
- Raising awareness for health and well-being, e.g. through sports lessons or introductory yoga courses
- Providing support for young parents
- Flexible, mobile ways of working

The proportion of women on the Talanx AG’s Supervisory Board has been specified as at least 30%, in line with the statutory requirements; this figure applies to any elections and new appointments to fill one or more seats on the Supervisory Board that become necessary as from 1 January 2016. The quota was taken into account in the elections of shareholder representatives that took place in the reporting period. In line with this, the Supervisory Board comprises more than 30% women both when taken as a whole and when broken down by employee and shareholder representatives.

The Supervisory Board has said that its goal is to appoint at least one woman to the Board of Management in the period from 1 July 2017 to 30 June 2022. A target of 20% women was defined for tier 1 management level and one of 30% for tier 2 management, see page 83 of the Group Annual Report for further details.

In order to achieve this goal, it is important for our human resources development function to positively and systematically advance our female employees. In 2014, we implemented a women’s mentoring programme as one of our diversity management measures with the aim of helping female employees with potential to grow into more senior management positions. The mentors, all of whom are members of boards of management or senior executives, support their mentees for a year. In addition, our company has dedicated development programmes for management and specialist functions and project managers that are open to both women and men. Managers at Talanx are regularly made aware of the need to encourage and develop

female employees with potential, so as to increase the proportion of women in management positions in the long term. Additionally, a women’s network, Frauen@Talanx, aims to promote informal contacts among female specialists and managers at all levels of the corporate hierarchy. Talanx’s women’s network has independently set itself the goal of giving our Group’s female employees a platform for networking so that they can learn from and with each other. The women’s network is sponsored by Torsten Leue, the Chairman of Talanx AG’s Board of Management.

1 **Results and monitoring:** Proactive diversity management has already been included in the planning, management and monitoring of human resources activities and processes within the Talanx Group and is hence part of human resources controlling, see also the section entitled “Recruiting and attracting talent” (page 45f).

1 103-2 | 103-3

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In addition, the Operational Auditing Competence Centre performs risk and process assessments for the human resources area in accordance with the principles of the Institute of Internal Auditors (IIA).

DIVERSITY AND EQUAL OPPORTUNITY

2 Table 14 gives a breakdown of Talanx AG’s management bodies as at 31 December 2018 by the two diversity categories of gender and age. The proportions of women at the various different levels of the Group as a whole (including the Hannover Re Group) are given in Table 15. Tables 16 and 17 shows the breakdown of employees. The average age of employees was 45.5 (45.1) years.

2 405-1

T14 BREAKDOWN OF TALANX AG’S MANAGEMENT BODIES BY GENDER AND AGE

	Number	By gender		By age		
		Male %	Female %	Under 30 years old %	30–50 years old %	Over 50 years old %
2018						
Board of Management	6	100.0	—	—	16.7	83.3
Supervisory Board	16	68.8	31.3	—	12.5	87.5
2017						
Board of Management	6	100.0	—	—	16.7	83.3
Supervisory Board	16	75.0	25.0	—	6.3	93.8

T15 PROPORTIONS OF WOMEN IN THE GROUP (EXCLUDING CASUAL WORKERS AND GRADUATE TRAINEES)¹⁾

	Germany				Rest of world				Total			
	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %
2018												
Total members of the Board of Management/ managing directors ²⁾	50	4	54	7.4	69	11	80	13.8	119	15	134	11.2
Tier 1 managers	162	27	189	14.3	197	74	271	27.3	359	101	460	22.0
Tier 2 managers	411	85	496	17.1	477	229	706	32.5	888	314	1,202	26.1
Tier 3 managers	221	89	310	28.7	556	341	897	38.0	777	430	1,207	35.6
All managers	794	201	995	20.2	1,230	644	1,874	34.4	2,024	845	2,869	29.5
Active staff members excluding managers	4,638	4,412	9,050	48.8	4,126	5,223	9,349	55.9	8,764	9,635	18,399	52.4
All active staff members, managers and employees in the passive phase of partial retirement ³⁾	5,548	5,039	10,587	47.6	5,395	6,210	11,606	53.5	10,943	11,249	22,193	50.7

	Germany				Rest of world				Total			
	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %
2017												
Total members of the Board of Management/ managing directors ²⁾	54	4	58	6.9	72	4	76	5.3	126	8	134	6.0
Tier 1 managers	164	26	190	13.7	196	67	263	25.5	360	93	453	20.5
Tier 2 managers	412	81	493	16.4	476	241	717	33.6	888	322	1,210	26.6
Tier 3 managers	231	80	311	25.7	557	335	892	37.6	788	415	1,203	34.5
Total managers	807	187	994	18.8	1,229	643	1,872	34.3	2,036	830	2,866	29.0
Active staff members excluding managers	4,692	4,470	9,162	48.8	3,848	4,992	8,840	56.5	8,540	9,462	18,002	52.6
All active staff members, managers and employees in the passive phase of partial retirement ³⁾	5,609	5,042	10,651	47.3	5,107	5,846	10,953	53.4	10,716	10,888	21,604	50.4

¹⁾ Comprises the entire Talanx Group including the Hannover Re Group (100% coverage).

²⁾ Members of the Board of Management who perform multiple functions are only counted once.

³⁾ Inactive employment relationships.

T16 BREAKDOWN OF EMPLOYEES BY GENDER AND AGE (GERMANY)


	Number	By gender		By age		
		Male %	Female %	Under 30 years old %	30–50 years old %	Over 50 years old %
2018						
Germany						
Managers	839	80.6	19.4	0.6	55.9	43.5
Employees	8,335	50.5	49.5	10.2	52.6	37.2
Total	9,174	53.2	46.8	9.4	52.8	37.8

T17 BREAKDOWN OF EMPLOYEES BY GENDER AND AGE (REST OF WORLD)

	Number	By gender		By age		
		Male %	Female %	Under 30 years old %	30–50 years old %	Over 50 years old %
2018						
Total rest of world	7,255	45.9	54.1	19.9	66.0	14.1

¹ For Talanx, diversity management also means reaching as many potential job applicants as possible. This is why salaries are paid exclusively on the basis of the job performed, taking employees' qualifications and performance into account. Position grading at specialist and management level is also based exclusively on the tasks and responsibilities associated with the post. By contrast, gender does not play a role in our remuneration policy. Two people doing the same job and with the same or similar experience and skills will not be offered different salaries because they have different genders.

² Talanx does not tolerate discrimination on the basis of race, colour, gender, age, ethnic origin, religion, sexual orientation, gender identity and gender expression, relationship status, nationality, disability, medical conditions, or any other legally protected factor. There were no cases of discrimination that would have required disciplinary consequences.



IN BRIEF

Company name and domicile:
 HDI Assicurazioni S.p.A., Rome, Italy
 Number of employees: 407

HDI Assicurazioni plans its training measures, and performs a needs analysis, on an annual basis. For example, a certain proportion of the workforce receives language and IT training every year. All employees are offered training in the areas of security, data protection and anti-money laundering. One highlight in the reporting period was the new "agile training", which was attended by roughly 100 employees. This training programme simulates highly complex work situations, allowing participants to experience "on the spot" what agility in the workplace actually means.

WORK-FAMILY BALANCE

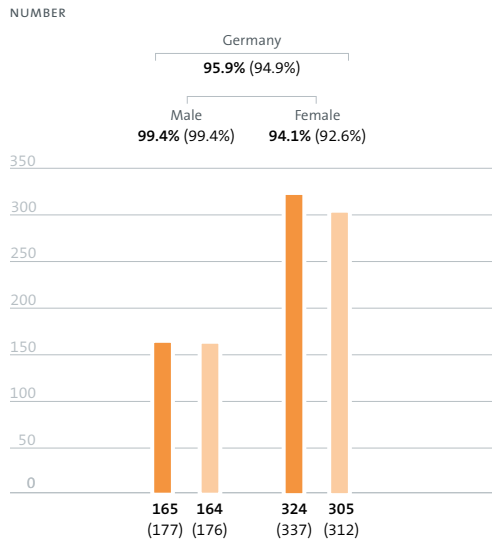
³ In Germany, a collective agreement specifies that additional parental leave of up to six months can be taken immediately after the statutory parental leave period in certain circumstances, in order to ensure continued child-care. Parental leave under the collective agreement for the private insurance industry ends at the latest three-and-a-half years after a child is born.

¹ 405-2

³ 401-3

² 406-1

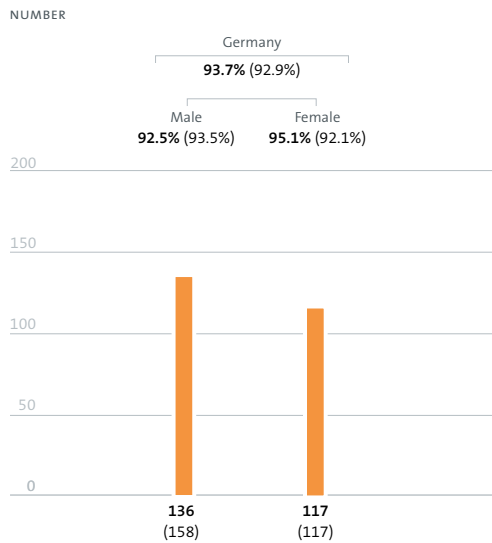
F7 RETURN FROM PARENTAL LEAVE (GERMANY)



2018 (2017)

- on parental leave in previous period.
- thereof: returned to work in the reporting period or planning to return in following year.

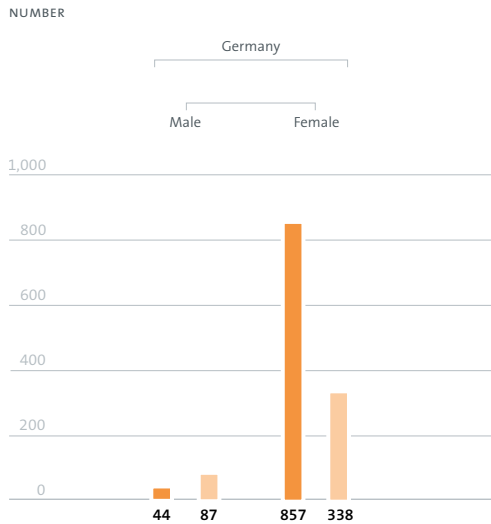
F8 RETENTION RATES AFTER PARENTAL LEAVE (GERMANY)



2018 (2017)

- Remained with Group after parental leave.

F9 RETURN FROM PARENTAL LEAVE (REST OF WORLD)¹⁾



2018

- on parental leave in previous period.
- thereof: returned to work in the reporting period or planning to return in following year.

¹⁾ Due to the increase in the scope of the data collected, only 2018 figures have been disclosed for the foreign companies.

REMUNERATION AND PERFORMANCE

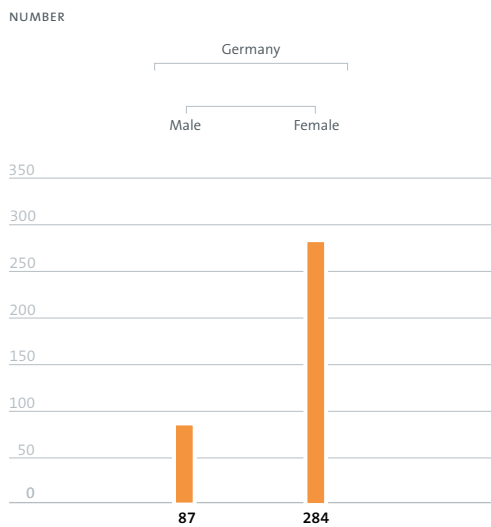
The Talanx Group's remuneration system comprises a performance-driven and responsibility-based salary along with results-based payments and the attractive social benefits mentioned here. Salary adjustments based on internal and external remuneration analyses ensure that the remuneration paid by the Group is competitive. Paying adequate salaries and informing our staff transparently about the individual components of their overall remuneration are key human resources goals. At Talanx, individual salaries depend on the function performed and the employee's personal professional qualifications and performance. In addition to assigning positions to the salary bands set out in the collective agreement for the insurance industry, this is based on a uniform, non-employee-specific evaluation of all management positions throughout the Group that is performed using the standardised Hay method. This framework enables the Group to ensure that its salary structure is not only performance-driven and responsibility-based, but also market-competitive.

A large number of voluntary company benefits are also available in principle to all employees. In Germany, these comprise:

- capital accumulation benefit
- health management
- special leave for specific events
- child care contribution
- marriage and childbirth allowances
- subsidised lunches
- subsidised use of public transport
- subsidised participation in external sports events
- group accident insurance

Equally, there is no distinction in terms of voluntary benefits at our foreign subsidiaries between full-time and part-time employees. However, some benefits such as preventive healthcare measures and occupational retirement provision are reserved for employees with permanent contracts.

F10 RETENTION RATES AFTER PARENTAL LEAVE (REST OF WORLD)¹⁾



2018




- Remained with Group after parental leave.

¹⁾ Due to the increase in the scope of the data collected, only 2018 figures have been disclosed for the foreign companies.


401-2

In the reporting period, the Talanx Group responded to an initiative by the Group Works Council, entering into discussions with it that led to the formation of the TAUVE e. V. (Talanx Unterstützungsverein) benevolent fund. Employees who, through no fault of their own, find themselves in severe economic or personal difficulties can obtain financial assistance from the company. The one-time grants of up to a maximum of EUR 5,000 do not have to be repaid.

HUMAN RIGHTS AT TALANX

¹  As an international insurance group, Talanx hereby provides a statement in accordance with section 54(5) of the UK Modern Slavery Act 2015 on the steps that the Group has taken during the financial year ending on 31 December 2018 to prevent forms of modern slavery and human trafficking: As an international group with more than 22,000 employees worldwide, we are aware of the obligations towards our employees and business partners that result from our size and market position. In line with this, Talanx has as its aim, and is committed to, respecting human rights worldwide in keeping with the applicable laws, conventions and regulations in this area, and we actively support employee rights. To underscore this commitment and make the importance of compliance transparent for our employees and business partners, Talanx has adopted a range of internal rules and regulations designed to ensure and review its compliance with human rights. A number of works agreements on human resources topics also exist. Particularly relevant in this context are the sections on the Code of Conduct and the whistle-blowing system (see the  “Compliance” section on [page 20ff.](#)) in both cases. In addition, we are developing and implementing other initiatives, such as drafting an overarching Code of Conduct for Business Partners (see the section entitled  “Supplier management” on [page 65f.](#)).

OCCUPATIONAL HEALTH AND SAFETY

²  **Materiality and impacts:** Since Talanx is a company that offers services in the areas of insurance and finance, the risks of physical injury and accidents at work are relatively low. Equally, employees are not exposed to significant health hazards. This applies to the entire Talanx Group. As a result, the topic is not material according to the materiality analysis that we performed in the reporting period. At the same time, the safety and health of our employees while at work are naturally of the greatest importance to us. Our employees are our capital and make a key contribution to our Company’s success, which is why their well-being is a major company goal. For this reason, we report voluntarily on this topic.

²  103-1 | 403-3

³  **Measures and guidelines:** In Germany, we support our staff by providing active health management, a variety of sports offerings, modern catering and customised advice. Occupational safety specialists and company doctors serve our locations in Germany in line with the statutory requirements. We look after employees’ interests in work safety and healthy workplaces in close cooperation with corporate management, the works councils and the disabled employees’ representatives.

¹  412-1

³  103-2

The Health and Safety at Work Act and the accident prevention regulations set out and regulate the statutory minimum standards for this.

In the area of prevention, we take prophylactic measures to help preserve employees’ health and safety. This issue is very important at our Company. Our objective is to continuously improve, and hence increase and optimise, health and safety standards so as to preserve and enhance our employees’ performance and motivation.

In line with this, our preventive activities include precautionary measures and screening for diseases, as well as stress management and exercise offerings, and general health information. A number of locations in Germany offer a wide range of health courses, from functional training through qigong and yoga down to massages.

Employees facing stressful private, professional or health situations can find their working capacity is severely impacted. This is why our Company offers an external Employee Assistance Program (EAP) that enables employees to obtain professional advice by phone and, in individual cases, personal discussions at their locations as well.


Documenting stress factors at work is becoming more and more important. The data is collected by performing a hazard assessment using the KFZA, an efficient short questionnaire for workplace analysis. This provides the Group with important information on weaknesses and potential for improvement.

 103-2 | 103-3

The risks associated with performing tasks are regularly assessed, and employees trained on how to deal with them and provided with all the information they need. This also includes appointing teams of employees in the various buildings who are responsible for implementing emergency measures and conducting training exercises (e.g. in the case of pandemics or fires).

By organising health days at multiple sites, Talanx does justice to both the strong demand, and the ongoing need, for health management measures. Health is an important motivational aspect both for employees themselves and for their employer. Health days aim to sensitise employees for health issues and preventive measures, and hence to establish the topic as relevant for the enterprise. In particular, the events are designed to strengthen and promote individuals' health awareness. Health days took place at the following locations during the reporting period: Hannover, Nuremberg, Mainz, Essen, Hamburg, Stuttgart, Hilden and Cologne.

These measures are flanked by the sponsored employee sports programme, whose successful track record stretches back for years: Talanx uses it to strengthen team cohesion, facilitate employee contacts across different locations, and boost colleagues' identification with the Group. The goal is to boost not only employee motivation but also their health, and to help retain them for the company. In 2018, Talanx AG paid the starting fees for Group employees taking part in 49 public sports and running events, providing them with matching functional shirts featuring the Talanx logo. Although the number of events sponsored was down slightly in comparison to 2017 (56), the number of employees taking part rose from 1,804 in 2017 to 2,160. The events sponsored were located throughout Germany and abroad, and ranged from major city marathons in Hamburg, Hannover and Cologne through obstacle and cross-country runs down to smaller regional races. Other types of sport, such as triathlons and dragon boat races, also received support.

 **Results and monitoring:** We work continuously to enhance our occupational health and safety activities. Employers are obliged to take the measures necessary to ensure occupational safety, taking into account the circumstances influencing employee health and safety at work. To do this, they must establish a suitable organisational structure – an occupational health and safety system (see section 3 of the ArbSchG). Our occupational safety specialists and our works doctors support and encourage the responsible staff in our companies in playing an active role in ensuring occupational safety. In line with the ArbSchG, the occupational safety specialists support employers so as to ensure that occupational health and safety is continuously enhanced and that occupational safety regulations are observed.

¹ For Talanx Group employees, accidents at work are broken down into accidents that take place during work and those that take place on the way to or from work. In Germany, accidents at work that result in more than three calendar days' work being lost must be reported to the relevant occupational health and safety agency or accident insurance fund by both the employer and the attending physician. There were 24 (18) accidents at work at the Talanx Group in Germany in 2018 (corresponding to an accident at work ratio of approximately 0.4% [0.2%]); in addition, there were 37 (21) accidents on the way to or from work (corresponding to a ratio of approximately 0.4% [0.2%]). Our occupational safety specialist assesses the accidents in order to identify any preventive measures that need to be taken.

HEALTH@HDI: PROVIDING A BALANCED DIET FOR EMPLOYEES

Nutrition – and hence the food we provide every day in our employee canteens and cafés – plays a big role in maintaining our employees' health and welfare. The challenge facing modern, forward-looking catering is to offer staff the right amount of healthy meals that are freshly prepared where possible. This naturally also has to take sustainability criteria into account, such as regional and seasonal procurement and ensuring animal welfare. Our catering depends on the variety of the meals we offer and aims to provide a balanced, tasty range of food every day. In September 2018, the employee restaurants in Hannover won an award for sustainability in Lower Saxony's works canteen competition "Betriebliche Esskultur 2018 – bewusst essen und trinken".

To ensure the quality of our offering, the three employee restaurants at our Hannover location and our works canteen in Cologne have been certified under the JOB&FIT quality standard drawn up by the German Nutrition Society (DGE). As part of this scheme, the quality of the foods used, meal planning, food preparation, communication and interactions with guests (surroundings) are audited. Above and beyond this, our nutrition scientists aim to reach out to staff in order to raise awareness of healthy eating. A new intranet platform, HEALTH@HDI.de, has also been set up

to promote this. In addition, a menu that complies with the DGE's quality standard and that meets office workers' nutritional requirements is offered every day and is flagged with a special colour. In Cologne, the canteen has also been certified to QCI organic standards for many years and 80% of its food comes from certified organic farms in the region. In Hannover, too, employees are provided with regional vegetables, fruit, dairy products and meat as part of a sustainable purchasing policy. Staff at our Hannover and Cologne locations can also purchase these foods from the suppliers for the weekend every Friday.

¹ 403-2

warta.

IN BRIEF

Company name:

WARTA Group¹⁾, Warsaw, Poland

Number of employees: 2,605

In Poland, all accidents and occupational diseases have to be reported to the social security agency (ZUS) and the national statistics office (GUS). The number of accidents occurring at work directly influences the size of the social security contributions payable by the employer.

All cases must be documented, the risk associated with the activity has to be assessed, and the circumstances surrounding the accident have to be clarified. There were eight accidents at the WARTA Group in the reporting period: seven accidents at work and one accident on the way to or from an employee's place of work.

¹⁾ (See table on page 71):

Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A.
Towarzystwo Ubezpieczeń na Życie WARTA S. A.

SUSTAINABLE DEVELOPMENT GOALS

In descending order of importance, the goals that are relevant for Talanx Group in the “Work and Employees” action area are SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 13 (Climate Action).

T18 SDGs IN THE “WORK AND EMPLOYEES” ACTION AREA

SDG	Relevant targets	
 8 DECENT WORK AND ECONOMIC GROWTH	SDG 8.1 Sustain per capita economic growth and 7% gross domestic product growth per annum	
	SDG 8.2 Achieve economic productivity through diversification, technological upgrading and innovation	
	SDG 8.3 Promote decent job creation and encourage the growth of micro-, small and medium-sized enterprises including through access to financial services	
	SDG 8.5 Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value	
	SDG 8.7 Forced labour, modern slavery, child labour and human trafficking	
	SDG 8.8 Protect labour rights and promote safe and secure working environments for all workers	
	SDG 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	
	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	SDG 9.1 Develop reliable, sustainable infrastructure
		SDG 9.2 Promote sustainable industrialisation and significantly raise industry's share of employment and gross domestic product
		SDG 9.4 Upgrade infrastructure and retrofit industries
SDG 9.5 Enhance scientific research, upgrade technological capabilities and encourage innovation		
 13 CLIMATE ACTION		SDG 13.2 Strengthen resilience and adaptive capacity to climate-related hazards
	SDG 13.3 Improve awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning	

In focus

TALANX PUTS EMPHASIS ON AGILITY

The Talanx Group's Agility Campus is a broad-based initiative designed to anchor agility both as a basic approach and as a way of working within the company. Employees and managers can visit the campus to attend workshops on how to develop an agile mindset, acquire the necessary methodological skills and share experiences with other areas of the company.

For us, agility means being a learning organisation that is both customer-driven and economically successful. We want to promote an agile corporate culture that sees constant change as an opportunity.

The initiative revolves around the Agility Boot Camp. We aim to use this to experiment together, gain experience of agile working methods and learn from one another across all areas, segments and hierarchies.

Roughly 100 events attended by more than 1,500 employees were held during the reporting period. In terms of methodological skills, the focus is on the following agile working methods:

- Scrum
- Lean Start-up
- Kanban
- Design Thinking

Courses will also be offered throughout 2019.

In order to ensure that information and experiences are shared in an unconventional way and by doing so enable us to learn from each other, a number of innovative exchange formats, known as Talx, have been set up in the Talanx Group. These allow employees at different sites and companies to discuss both professional and private issues with each other.

In addition, we will be awarding the HDI Agile Award – which aims to highlight awareness of the many examples of agile working throughout the Group – for the first time in 2019.



Torsten Leue,
Chairman of Talanx AG

“Agility sets energy free, people simply have fun and at the end of the day it’s also faster and better for our clients”

SETTING THE STAGE FOR AGILE WORKING

Our new space concept is creating state-of-the-art offices with open-plan work areas, facilitating interdisciplinary cooperation and simplifying communications and decision paths.

Following the introduction of mobile working in the reporting period, employees at our Hannover headquarters can organise their daily work more flexibly, laying the groundwork for modern, location-independent working.

6 DAY-TO-DAY OPERATIONS AND PROCUREMENT

ENVIRONMENTAL PROTECTION IN THE ENTERPRISE

¹ 103-1

1 Materiality: The Talanx Group does not operate any physical production facilities but rather offers services in the areas of insurance and finance. As such, it has less impact on the environment than, for example, manufacturing companies or companies that are heavy users of raw materials. Nevertheless, the Group employs more than 22,000 employees at its locations around the world, and they consume energy and materials, take business trips and travel to and from work every day. In addition, the Group purchases products and operating materials that its employees need to do their jobs, such as paper, IT products and food for its canteens. These aspects can impact the environment.

Topic Boundary: Within the Talanx Group, sustainability in day-to-day operations is mainly relevant for Corporate Operations. In addition, the consumption of materials and energy in particular is significantly influenced by individual employee behaviour. The impacts of our core activities on the environment are dealt with in the chapter entitled “Investment and Insurance Products” (page 28ff.).

Impacts: We aim to ensure that our day-to-day activities are focused on sustainability by conserving resources, particularly in regard to energy and water consumption and materials usage. The volume of greenhouse gas emissions can primarily be reduced by ensuring that our employees use environmentally friendly means of transport for travelling to and from work and for making business trips. In addition, we want to encourage Talanx employees to conserve resources and be aware of the need for sustainability in their day-to-day activities. The measures we take therefore aim both to avoid negative impacts and to encourage positive impacts.

³ 103-2 | 103-3

¹ Sustainability goal

² 103-2

2 Measures and guidelines: The following chapter describes the measures that we have already taken to align our day-to-day operations more closely with sustainability criteria. A key focus in this context is on conserving resources, since a careful approach not only reduces the pressure on the environment but can also significantly cut operating costs (for example by avoiding waste). It goes without saying that all Group companies are interested in this – a fact that ensures progress.

Key measures taken include energy audits in accordance with DIN EN 16247, in which our energy utilisation is systematically analysed in order to identify potential for improvements more easily, our participation in energy efficiency initiatives such as the Climate Alliance and ÖKOPROFIT, and the BREEAM In-Use certificates obtained for individual locations.

Responsibilities: A number of functions assigned at an organisational level to HDI Service AG and HDI Systeme AG contribute to ensuring that day-to-day operations are performed in line with the principles of sustainability. Chief among them are Purchasing for the mobility product group (travel, vehicle fleet), IT Purchasing, Internal Services and Human Resources.

Internal Services is responsible throughout Germany for pooling, coordinating and performing technical, infrastructure and sales support services. This ensures that office operations run smoothly and reduces the workload of the sales units. The unit is responsible, among other things, for facility and lease management, setting up workspaces, canteen operations and catering, fire protection, logistics, waste disposal and issues relating to heating, ventilation and air conditioning. Environmental and sustainability topics are taken into account in a large number of areas.

Among other things, Human Resources Management organises offerings that allow employees to use local public transport at a reduced rate (group season tickets and job tickets) (see also the section entitled “Employee Travel to and from Work”, page 61f.).

3 Results and monitoring: The Talanx Group uses the results of the materiality analysis, among other inputs, to develop the management approach to be taken in the Day-to-day Operations and Procurement action area. This analysis takes the opinions of our stakeholders into account. In addition, Talanx has set itself concrete targets for reducing emissions and energy consumption ¹, see our sustainability goals (page 11ff.) We review the progress made towards achieving these objectives on an ongoing basis and expand them to include additional or new targets where this makes sense.

Talanx also performs energy audits in accordance with DIN EN 16247 in line with the German Energy Services Act (EDL-G) in order to systematically analyse energy utilisation and consumption.

We are using our participation in the ÖKOPROFIT collaborative project specifically to take stock of our situation, analyse our weaknesses and develop measures to improve our internal environmental management.

Our analyses and reviews also build on ESG rating results.

As a responsible enterprise, the Talanx Groups systematically captures the resources used in its operations. Table 19 gives an overview of the environmental indicators for the Talanx Group.

T19 ENVIRONMENTAL INDICATORS

	Unit	2018
Number of employees covered as at 31.12.		16,429
Coverage	% OF ALL EMPLOYEES	74.0
Energy consumption		
Energy consumption (heat and electricity)	TOTAL IN MWH	322,027.0 ¹⁾
Energy consumption (heat and electricity)	MWH PER EMPLOYEE	22.8
Fuel consumption – vehicle fleet	TOTAL IN LITRES	11,568,316.0 ²⁾
Fuel consumption – vehicle fleet	LITRES PER EMPLOYEE	799.5
Employee business travel		
Business travel (km by car/air/rail)	TOTAL KM	116,643,612.0 ³⁾
Business travel (km by car/air/rail)	KM PER EMPLOYEE	8,152.8 ⁴⁾
Greenhouse gas emissions by scope		
Scope 1 (direct emissions)	METRIC TONS OF CO ₂ E	28,716.3 ⁵⁾
Scope 2 (indirect emissions)	METRIC TONS OF CO ₂ E	34,775.6 ⁶⁾
Scope 3 (upstream and downstream emissions)	METRIC TONS OF CO ₂ E	29,951.7
CO ₂ emissions (Scope 1 + 2 + 3)	TOTAL IN METRIC TONS OF CO ₂ E	93,443.6
CO ₂ emissions (Scope 1 + 2 + 3)	METRIC TONS PER EMPLOYEE	6.4
Material consumption and waste		
Paper consumption	TOTAL IN METRIC TONS	532.9 ⁶⁾
Paper consumption	KG PER EMPLOYEE	42.7
Waste	VOLUME OF WASTE IN METRIC TONS	2,104.7 ⁷⁾
Waste	KG PER EMPLOYEE	229.4
Water consumption		
Water consumption	TOTAL IN M ³	139,777.1 ⁸⁾
Water consumption	LITRES PER EMPLOYEE	8,508.0

¹⁾ No heating consumption data are available for the reporting period for Belgium, Brazil, Chile, France or Mexico.

²⁾ Petrol: no figures available for Belgium or Chile; diesel: no figures available for Belgium, Chile or Mexico.

³⁾ Company cars: no 2018 data available yet for Belgium, Chile, Mexico; air: no 2018 data available yet for Chile, Mexico; rail: no 2018 data available yet for Belgium, Brazil, Chile, Mexico.

⁴⁾ Company cars: no 2018 data available yet for Belgium, Chile, Mexico; air: no 2018 data available yet for Chile, Mexico; rail: no 2018 data available yet for Belgium, Brazil, Chile, Mexico.

⁵⁾ Belgium and Chile are not included in the Scope 1 emissions reported.

⁶⁾ Covers the Talanx Group companies in Germany (with the exception of the Hannover Re Group), as well as Italy, Austria and Poland.

⁷⁾ Figures for Germany.

⁸⁾ The data covers 100% of the companies captured.

1 302-1

1 ENERGY CONSUMPTION

The Talanx Group aims to ensure the sparing use of energy. As a services enterprise, we naturally use less energy than companies that are engaged in manufacturing. Nevertheless, we are aware that savings can potentially be made at our company, too. We leverage these by implementing concrete measures.

T20 ENERGY CONSUMPTION IN GERMANY ¹⁾

	2018	2017
Heat consumption MWh	32,606.0	32,595.0
Electricity consumption MWh	30,057.0	34,168.0
Total ²⁾ MWh	62,663.0	66,769.0
Fuel consumption (petrol and diesel) litres	1,259,408.0	1,230,000.0

¹⁾ In the case of Germany, the following information generally relates for the current year to our 14 national locations (headquarters and branch offices, not including the Hannover Re Group).
²⁾ We calculate consumption figures on the basis of the information provided by utility companies and service charge invoices. Since not all service charge invoices were available by the editorial deadline for this report, we estimated consumption conservatively on the basis of the figures for previous years.

T21 ENERGY CONSUMPTION REST OF WORLD ¹⁾

	2018
Heat consumption MWh	6,426.0
Electricity consumption MWh	252,938.0
Total in MWh	259,364.0
Fuel consumption (petrol and diesel) litres	10,308,908.0

¹⁾ The figures given for the companies abroad cover more than 75% of the staff employed there.

4 305-1 | 305-3

4 EMPLOYEE BUSINESS TRAVEL

For us as a service provider, environmental impacts are primarily relevant for us with respect to employee transport, i.e. in relation to business travel, company cars and employee travel to and from work.

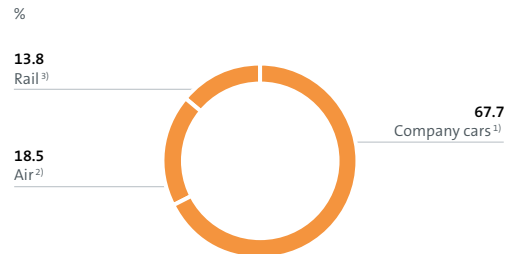
T22 BUSINESS TRAVEL BY TALANX GROUP EMPLOYEES

KM	2018
Company cars ¹⁾	78,940,375.0
Rail travel ²⁾	16,057,955.0
Air travel ³⁾	21,645,282.0
Total	116,643,612.0
Per employee	8,152.8

¹⁾ Company cars: no 2018 data available yet for Belgium, Chile, Mexico.
²⁾ Rail: no 2018 data available yet for Belgium, Brazil, Chile, Mexico.
³⁾ Aircraft: no 2018 data available yet for Chile, Mexico.

The greenhouse gas emissions caused by the use of company cars are included in the Scope 1 emissions (page 62); all other greenhouse gas emissions from business travel are included in the Scope 3 emissions (page 63).

F11 KILOMETRES FROM BUSINESS TRAVEL, BROKEN DOWN BY MEANS OF TRANSPORT



2018
¹⁾ Company cars: no 2018 data available yet for Belgium, Chile, Mexico.
²⁾ Aircraft: no 2018 data available yet for Chile, Mexico.
³⁾ Rail: no 2018 data available yet for Belgium, Brazil, Chile, Mexico.

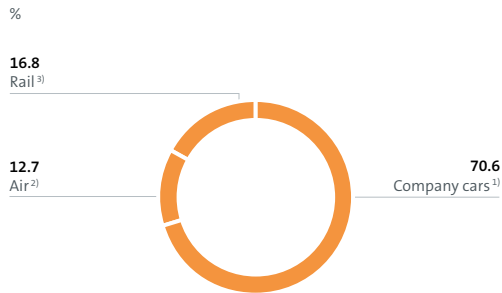
2 302-3

²⁾ The energy intensity measure used is the ratio of the energy consumed to the space for which energy consumption is measured. The figure for the locations in Germany is 0.24 (0.29) MWh/m².

3 302-4

³⁾ Information on the measures implemented and planned at Group headquarters in Hannover can be found in our “In focus” spread (page 67).

F12 GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL, BROKEN DOWN BY MEANS OF TRANSPORT



2018

¹⁾ Company cars: no 2018 data available yet for Belgium, Chile, Mexico.
²⁾ Aircraft: no 2018 data available yet for Chile, Mexico.
³⁾ Rail: no 2018 data available yet for Belgium, Brazil, Chile, Mexico.

1 REDUCING GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL

The increasing digital transformation of the Talanx Group's business means that a large number of business trips can be avoided thanks to the widespread use of videoconferencing technology at all our companies. However, since this is not possible in all cases, we are taking steps in a number of areas to reduce the resulting emissions.

To promote environmentally friendly and hence low-carbon business travel in Germany, all employees who travel on business, and specialists and managers who travel between our numerous German locations, receive a BahnCard business railcard for Deutsche Bahn on request. A total of 899 employees took advantage of this offering in the reporting period; this figure also includes 19 BahnCard 100 railcards that were chosen as alternatives to company cars. A total of 12,138,669 person kilometres (PKM) were travelled long-distance. Thanks to the bahn.business programme, Talanx employees travel using 100% green electricity in Germany's long-distance rail network. Additionally, since bahn.business offsets the indirect emissions, all long-distance travel using Deutsche Bahn is carbon-neutral. This means that using Deutsche Bahn for long-distance travel contributes to sustainable transport. A total of 988,966 person kilometres were travelled during local journeys, resulting in CO₂ emissions of 51,193 kg.

We also further reduced our vehicle fleet emissions. Since 1 January 2017, the CO₂ target for new vehicles has been 125 g/km (previously 140g/km) . This means we have exceeded our original goal of a reduction to 130 g/km. We also further expanded our use of e-mobility in the reporting period. In addition to the ability to select company cars with hybrid or electric drives, the fleet now also comprises a number of electrically powered cars for use on service trips between locations. Two charging columns have been installed in Hannover for this. What is more, mail deliveries at the Group's Hannover headquarters have been purely electrically powered since April 2017. Talanx was one of the first companies in Germany to acquire one of the e-scooters developed by Deutsche Post. Over the space of one year, this saves approximately 1.7 metric tons of CO₂.

Sustainability goal

The section on our sustainability goals (page 11ff.) gives an overview of all the goals and measures that Talanx has adopted in order to reduce emissions .

305-5

Sustainability goal

2 EMPLOYEE TRAVEL TO AND FROM WORK

Every day, our employees all around the world travel to and from work. We offer employees at different locations in Germany subsidies if they use local public transport, in order to make travelling to and from work as stress-free and environmentally friendly as possible: in more detail, they can purchase group season tickets in Hannover and job tickets in Cologne, Hilden Hamburg and Düsseldorf.

305-5

In Hannover, 1,106 (1,110) employees – around 33% (33%) of eligible employees there – had signed up for the group season ticket as at 31 December of the reporting period. A Group works agreement for our Cologne location specifies that one job ticket is normally purchased for each core staff member; as at the 2018 year-end, this amounted to a total of 2,053 (2,059) tickets. Since the job ticket in Cologne is collectively financed, the costs are determined on an annual basis and allocated to all users. The current take-up rate is around 64% (65%). At neue leben's location in Hamburg, a total of 198 (201) employees used the HVV ProfiCard – the job ticket offered by Hamburg's public transport association – as at December 2018. This corresponds to roughly 63% (61%) of the workforce. A total of 56 (63) people (roughly 9% (11%) of employees) at our Hilden location had a JobTicket as at the end of the year, while 25 people (roughly 18% of the workforce) at our Düsseldorf site had a JobTicket. In some cases, employees who use the ticket also receive a travel allowance from their employer.

bahn.business-Programm

CITY CYCLING

A record five Talanx Group locations – Hamburg, Hannover, Hilden, Cologne and Stuttgart – took part in the nationwide “CITY CYCLING 2018” competition, supporting their municipalities in the race to become the “most active cycling region in Germany”. A total of 386 cyclists belonging to Team Talanx put in 83,428 kilometres on the way to and from work, on holiday and as part of organised cycle tours, more than twice the circumference of the Earth. The CITY CYCLING initiative aims to help protect the climate, cut carbon emissions and promote the increased use of bicycles at municipal level – all while having fun cycling. The teams at our locations got in gear in the truest sense of the word. In Hannover, Hilden and Cologne they each came third for the most kilometres cycled in their municipalities during the three-week active periods.

305-2

GREENHOUSE GAS EMISSIONS BY SCOPE

Our reporting of greenhouse gas emissions is based on the globally accepted methodology used in the Greenhouse Gas Protocol (GHG Protocol). In line with this methodology, greenhouse gas emissions are broken down into three categories, known as “scopes”. We base our emissions calculations on the most recent conversion factors available from Germany’s Federal Environmental Agency (UBA), the International Energy Agency and the United Kingdom’s DEFRA (Department for Environment, Food & Rural Affairs). Output amounts are expressed in metric tons of CO₂ equivalents. This means that other greenhouse gases that are emitted (such as CH₄ and N₂O) are included in the calculations on the basis of their environmental impact in proportion to CO₂. Applying the emission factors enables us to approximate the emissions actually generated.

Department for Environment, Food & Rural Affairs UK

305-1

1 SCOPE 1 EMISSIONS

Our Scope 1 emissions consist of emissions resulting from combustion processes within the organisation. These are generated, for example, in the case of local (oil- or natural gas-fired) heating plants and our vehicle fleet.

T23 SCOPE 1 EMISSIONS – GERMANY

TCO ₂ E	2018	2017
Scope 1 – Heating	1,084.0	1,036.0
Scope 1 – Vehicle fleet	3,160.3	3,093.0
Total	4,244.3	4,129.0

T24 SCOPE 1 EMISSIONS – REST OF WORLD¹⁾

TCO ₂ E	2018
Scope 1 – Heating	572.6
Scope 1 – Vehicle fleet	23,899.4
Total	24,472.0

¹⁾ Belgium and Chile are not included in the Scope 1 emissions given for the companies abroad.

2 SCOPE 2 EMISSIONS

Our Scope 2 emissions comprise emissions from purchased electricity and purchased heating energy generated by district heating. The calculations are based on the country-specific emission factors, which can vary widely depending on the primary sources of energy used to generate power and district heating. This can lead in some cases to major differences in the specific emissions produced. For example, the proportion of renewable energy included in Austria’s power grid is the highest in Europe, at over 70%. This means that local power consumption is less CO₂-intensive. Since up-to-date figures are not available for all countries, conservative estimates were made based on past figures in certain cases. In Germany, our activities as an investor in infrastructure projects are also directly influencing the shift in energy generation towards green energy (see also the “In focus” section on page 41).

T25 SCOPE 2 EMISSIONS – GERMANY

TCO ₂ E	2018	2017
Scope 2 – Electricity	18,545.0	18,006.4
Scope 2 – District heating	8,291.9	6,866.4
Total	26,836.9	24,872.8 ¹⁾

¹⁾ The significant change compared to the previous year is due to a modified and standardised method of calculation and an extended and optimised data capture process.

T26 SCOPE 2 EMISSIONS – REST OF WORLD¹⁾

TCO ₂ E	2018
Scope 2 – Electricity	6,653.9
Scope 2 – District heating	1,284.8
Total	7,938.7

¹⁾ Aggregated presentation covering Italy, Austria, Poland.

1 SCOPE 3 EMISSIONS

Scope 3 emissions are produced by upstream or downstream processes in the Company’s value chain that Talanx cannot influence directly. Due to the complexity and unclear number of processes inferred, no claim to completeness can be made for the Scope 3 emissions. The objective is simply to give a rough feeling for the environmental impacts resulting from our business activities. The following processes were taken into account when calculating the figures: emissions from water supplies and water treatment, the production of motor and heating fuels, transport, paper production, business travel (air and rail), emissions resulting from the production of the energy used to generate electricity and district heating, and losses in the supply network.

T27 SCOPE 3 EMISSIONS

TCO ₂ E	2018
Scope 3 ¹⁾	29,951.7

¹⁾ The figures were calculated using the most recent conversion factors for the underlying processes available from DEFRA. Since January 2018, business travel using Deutsche Bahn’s long-distance trains has been climate-neutral. The related CO₂ savings were not yet taken into account for the reporting period.

quarterly statements have been made available solely in electronic form. In addition, we are aiming to switch from conventional printing to centralised, customised printing on demand in future for customer brochures and materials. This prevents any remaining stocks having to be destroyed when the brochures are revised and hence avoids large volumes of paper being wasted. Centralising our printing at our Hannover location does not simply save paper, though: it also saves time and money, thanks to the postage discounts we receive from Deutsche Post.

As we are a Deutsche Post “GOGREEN partner”, all our domestic mailings are climate-neutral. Under this programme, the CO₂ emissions resulting from our mail deliveries are offset by supporting selected climate protection projects. All in all, 14.98 million mailings were sent from our German locations and our central dispatching facility in the reporting period, resulting in 434.36 metric tons of CO₂ being offset.

1 305-3

Deutsche Post – GOGREEN

MATERIAL CONSUMPTION AND WASTE

2 The main way in which the materials used topic affects the Talanx Group, as a provider of services in the areas of insurance and finance, is in relation to paper. The volume of other materials used in the production of insurance cover and other services is not significant. For this reason, reducing paper consumption and using environmentally friendly paper is a key lever in making our business more sustainable.

Since the most environmentally friendly solution is to dispense with printing altogether, the Talanx Group is increasingly focusing on digital solutions. For example, HDI Austria is increasingly transmitting data electronically in order to be able to cut the amount of paper consumed. In Germany, even confidential documents can now be exchanged securely by e-mail in a manner that meets all data protection requirements using sophisticated encryption algorithms. The recipient receives the key required for this via a separate digital channel (e.g. as an sms). This ensures that the document can only be read by the person for whom it is actually intended. The Talanx Group aims to expand its use of this option in the medium term. Since the middle of 2016, our quarterly reports and



IN BRIEF

Company name and domicile:
 HDI Global SE – Belgium Branch, Brussels
 Brussels Branch, Belgium
 Number of employees: 93

The “Paperless Working” project, which involves scanning and archiving (most) documents, was started in the reporting period. This process took a good deal of time. The majority of our departments have now switched to paperless working in a new, state-of-the-art space/office concept. Our slogan is “Paperless working – for clean offices and a clean environment!”

2 301-1 | 301-2

However, since printing cannot be avoided entirely, Talanx focuses on a number of sustainability labels when procuring its materials. To date, printing has generally used paper that has been awarded the Forest Stewardship Council (FSC) label. This certifies that paper has been sourced from sustainable, responsibly managed forests. Paper of this kind is used in our offices and for invoices, insurance policies, customer documents, brochures and annual reports. We have used climate-neutral printing for the latter since 2015.

T28 CONSUMPTION OF OFFICE PAPER BY OUR CORE EMPLOYEES ¹⁾

METRIC TONS	2018
Paper consumption	532.9

¹⁾ Covers the Talanx Group companies in Germany (with the exception of the Hannover Re Group), as well as Italy, Austria and Poland.

In addition, a large number of documents in Germany are printed in our in-house print centre in Hannover, which serves all our German operating units. The volume of paper used in the print centre, together with the copy paper used in the office buildings, amounted to approximately 96.5 (85) million sheets of paper in the reporting period, or roughly 486 (423) metric tons. Roughly 98% of the copy paper used was FSC-certified. Double-sided printing is also the prescribed standard at our locations. At present, the remaining printed paper used is still sourced from, and processed at, various printing companies at the request of the departments concerned. Here, too, we are currently examining whether centralised printing by our print centre would improve sustainability.

Last but not least, we continue to focus on energy and paper consumption in our internal communications. The goal is to sensitise employees to the contribution that they can make to conserving resources, for example by printing fewer documents ¹⁾.

¹⁾ Sustainability goal

²⁾ 303-1 | 306-1

In addition, our employees in Germany used approximately 3,436 (3,370) toner cartridges during the reporting period, of which 68 (slightly less than 2%) were recycled.

¹⁾ 306-2

¹⁾ The waste generated by the Talanx Group primarily consists of residual waste, office waste and kitchen waste. A large proportion of this can be recycled by local waste disposal companies. This applies in particular to paper and plastic waste. Some of our kitchen waste is composted, while at our major locations some is used for energy recovery where possible. For example, roughly 153 (155) m³ of organic waste in Hannover and roughly 145 (160) m³ in Cologne

was processed into biodiesel in the reporting period. The remaining (non-IT) waste is also disposed of by regional waste disposal companies and in some cases is treated at a mechanical-biological waste treatment plant (partly above-ground landfill, partly energy recovery). Our business only generates small volumes of hazardous waste and electronic waste; this is disposed of in compliance with all the relevant regulations by specialised waste management companies.

T29 WASTE (GERMANY) ¹⁾

	Waste in metric tons		%	
	2018	2017	2018	2017
Recycling	1,039.0	963.6	49.4	49.8
Energy recovery (kitchen/food waste)	376.2	391.6	17.9	20.3
Composting	70.2	51.2	3.3	2.7
Other (non-IT)	610.6	521.7	29.0	27.0
Electronic waste (small and large electronic devices)	2.8	2.5	0.1	0.1
Hazardous waste	6.0	2.7	0.3	0.1
Total waste	2,104.7	1,933.2	100	100
Waste per employee	0.23	0.21	—	—

¹⁾ The information on waste volumes is based in part on estimates or recalculations. This applies in particular to cases in which Talanx uses part of the space in buildings and is not the sole tenant. Where the information is based on service charge invoices that were not available by the editorial deadline for this report, the amounts were estimated on the basis of the figures for previous years.


WATER CONSUMPTION AND WASTE WATER

²⁾ The companies belonging to the Talanx Group source their water from the municipal and urban water supplies at the locations concerned. This means that the water quality is regulated by local and European standards. Waste water corresponds roughly to water consumption, flows into the municipal drainage system and is treated in the normal way.

T30 WATER CONSUMPTION AND WASTE WATER



M ³	Water consumption
2018	
Total	139,777.1

SUPPLIER MANAGEMENT


1  **Materiality:** The biggest impact that the Talanx Group can have on the observance of human rights is in its global supply and value chain. Although we consider the risk of human rights abuses and of significant negative environmental impacts in our supply chain to be minor, we take care when selecting suppliers to ensure that they comply with national legislation on environmental protection and human rights, and with our Talanx Values. Also, social questions are relevant for procurement in particular; examples include the conditions under which people in our value chain work and whether human rights are respected. For this reason, the Group's sustainability strategy aims to structure its day-to-day operations and procurement activities in a sustainable manner.

Topic Boundary: Within the Talanx Group, the topic of sustainable procurement is mainly relevant to the Group functions responsible for purchasing (non-IT) products and services and for IT procurement. Outside the Group it mainly impacts the suppliers with whom we work.

Impacts: We can make a significant contribution to sustainable development by integrating sustainability criteria into our procurement operations. Among other things, this includes Talanx sourcing environmentally friendly products, for example, or ensuring that environmental criteria are taken into account, and employee rights and human rights observed, in the supply chain.

2  **Measures and guidelines:** Talanx has set itself the goal of drawing up a Group-wide Code of Conduct for Suppliers so as to increase our ability to influence compliance by our suppliers with environmental protection and human rights legislation. **1**  We want to use this code to clearly define our expectation that they will adhere to our values. Such supplier codes of conduct are already in force at individual companies. We continued our work on implementing a harmonised Code of Conduct for Suppliers in the reporting period.

Responsibilities: Purchasing is responsible for ensuring that contracts are drafted in a cost-efficient and timely manner that takes account of the latest requirements, and also organises the procurement of goods and services for the German Group companies. Responsibility for the procurement of IT products and services has been assigned to IT Purchasing and Provider Management.

3  **Results and monitoring:** The Purchasing (IT and Non-IT) function is extremely important for the company's success. This is why internal work instructions are used to define binding purchasing standards for the Talanx Group, so as to ensure that it has orderly and efficient procurement processes. These make a significant contribution to our ability to reach our corporate goals and ensure compliance. Only authorised organisational units may engage in procurement. In addition, compliance with internal guidelines and work instructions is checked during our regular internal audits.

1  103-1

2  103-2

1  Sustainability goal

3  103-2 | 103-3




IN BRIEF


Company name and domicile:
HDI Seguros s. A., Las Condes, Chile
Number of employees: 676

HDI Seguros in Chile is implementing a recycling management project in cooperation with Gestion B. This involves setting up recycling stations in the office buildings. Noticeboards raise employee awareness of the need for correct, careful waste separation.

ENVIRONMENTAL PROTECTION AND SUPPLIER MANAGEMENT

- ¹  204-1 | 308-1
308-2
- ²  407-1 | 408-1
409-1 | 414-1
414-2


¹  The Talanx Group primarily uses domestic suppliers when procuring products and operating materials. These are subject to the same strict statutory requirements as Talanx itself. It is therefore unlikely that there are significant negative environmental impacts in the Group’s supply chain. At the same time, we take care to ensure that the impacts caused by our procurement processes are kept to a minimum. We see procurement from regional suppliers as one key aspect of this, to the extent that it promotes sustainability. For our German sites, we define regional suppliers as companies that are located in the same place, since this keeps transport distances short. In Germany, roughly 33% of our suppliers of operating equipment and foodstuffs fall within this category, as do roughly 25% of our IT suppliers. Our foreign companies generally define regional suppliers as companies domiciled in the country concerned. Only in the area of IT procurement were there some cases of cross-border supply agreements. We also pay attention to the environmental compatibility of our materials and almost exclusively source paper from sustainably managed forests (FSC label); in addition, we source certified organic food for our company canteens to a certain extent.

In order to be able to incorporate ecological criteria systematically and to a greater extent in future when selecting suppliers, Talanx has set itself the goal of developing and successively implementing a Code of Conduct for Suppliers that will include compliance with environmental protection as one of its criteria ¹ . Work progressed on implementing this code in the reporting period, with its formal resolution being planned for 2019. In the case of IT procurement, we already use a Code of Conduct for Contractors that forms part of the Talanx Group’s work instructions for the procurement of IT assets and services. This code covers the human rights of employees (e.g. by banning forced and child labour and discrimination), employee health and safety, and environmental protection. It also requires contractors to comply with ethical standards. It is binding on IT suppliers and contractors.

In addition, Purchasing’s “Green Office” catalogue of office materials has been providing concrete support for the Talanx Group’s sustainability strategy since the autumn of 2018. Our supplier, a company called memo, is a pioneer in this area in Germany and only distributes sustainable products that have been produced in a socially responsible way. The “Green Office” offering on the procurement portal is intended to be a green alternative to the established catalogue of office materials.

¹  Sustainability goal

LABOUR PRACTICES AND RESPECT FOR HUMAN RIGHTS AT SUPPLIERS

²  Talanx largely uses domestic suppliers in its non-IT procurement activities. As such, they are subject to German jurisdiction, and in particular to German employment laws. Consequently, Talanx has not performed a separate review to date to determine whether its suppliers comply with labour practices, whether they violate or endanger the right to freedom of association, collective bargaining or human rights, whether they pose the risk of child, forced and compulsory labour or whether they impact on society.



Equally, it is not expected that existing supplier relationships in the area of IT procurement will violate or endanger these aspects. Moreover, the Code of Conduct for IT Contractors, which covers labour practices, human rights, environmental protection and ethical standards, applies to these relationships (see the previous section).

Here, too, we should mention the Group’s uniform Code of Conduct for Suppliers, which is currently still under development.

SUSTAINABLE DEVELOPMENT GOALS

In descending order of importance, the SDGs that are relevant for the Talanx Group’s “Day-to-Day Operations and Procurement” action area are as follows: SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation and Infrastructure).

SDGS IN THE “DAY-TO-DAY OPERATIONS AND PROCUREMENT” ACTION AREA

SDG	Relevant targets
	SDG 7.1 Ensure universal access to affordable, reliable energy services
	SDG 7.2 Increase the share of renewable energy in the global energy mix
	SDG 7.3 Rate of improvement in energy efficiency
	SDG 9.1 Develop reliable, sustainable infrastructure
	SDG 9.2 Promote sustainable industrialisation and significantly raise industry’s share of employment and gross domestic product
	SDG 9.4 Upgrade infrastructure and retrofit industries
	SDG 9.5 Enhance scientific research, upgrade technological capabilities and encourage innovation

In focus

ÖKOPROFIT HANNOVER

SUCCESSFUL PARTICIPATION IN THE “ÖKOPROFIT HANNOVER” ENVIRONMENTAL CONSULTING PROGRAMME

HDI Service AG took part in the introductory round of the ÖKOPROFIT environmental consulting program (the German acronym stands for “Ecological Project for Integrated Environmental Technology”) in the reporting period, passing the subsequent commission review in February 2019.

Participating companies from the Hannover region received training on a variety of environmental issues in eight practically oriented workshops. Topics covered included energy analysis and green IT, waste management and heating, procurement and green energy, mobility and environmental management. In addition to the specialist presentations, on-site consultations were held on the companies’ premises, along with a legal check and the commission review.

IMPLEMENTING SUSTAINABLE MEASURES

The goal of the ÖKOPROFIT programme is for companies to develop and implement suitable measures for reducing the burden on the environment while also cutting costs.



energy, component activation, DEC ventilation systems, district heating and a large-scale photovoltaic system are all included in the design.”

Franz-Michael Wiedemann, Head of Internal Services Group Facilities Management Hannover



The City of Hannover’s official poster for the Ökoprofit initiative.

For example, in 2019 HDI Service AG is planning to cap spikes in electricity usage and optimise the timer programmes used in the building management systems at the Group’s headquarters at HDI-Platz 1 in Hannover. The plan is to cap peak consumption at approximately 1,000 kW. This measure will help to cut not only the volume of non-renewable energy needed during peak periods but also the company’s electricity costs. Optimising the timer programmes can save approximately 350,000 kWh of electricity, or roughly 190,000 kg of CO₂.

7 CORPORATE CITIZENSHIP

¹ 103-1

1 Materiality: Talanx is aware of the social responsibility that comes from being a listed company with over 22,000 Group employees around the world. As a corporate citizen, the Group works to promote the social good, supporting charitable projects and local initiatives. This allows us to generate positive impacts for society above and beyond our actual business activities.

² 103-2

2 Measures and guidelines: Currently, the Talanx Group focuses primarily on supporting education and training. At the heart of its activities are the up to 15 scholarships per semester that are awarded by the Talanx Foundation to talented students throughout Germany. The support provided covers selected insurance-related disciplines at the University of Braunschweig, Clausthal University of Technology, Göttingen University, the University of Hamburg, Leibniz University in Hannover, the University of Leipzig, the University of Cologne, Karlsruhe Institute of Technology and the University of Ulm. The total support package is worth around EUR 200,000 per year.

Talanx university scholarships

In addition, our “Deutschlandstipendium” scholarships provide support for students at universities in Hannover; these take the form of a mix of financial assistance and events and workshops held at the Company. The topics covered range from specialist lectures to training courses in key skills.

Since January 1, 2017, the Talanx Group has been the main sponsor of Germany’s National Mathematics Competition and will provide financial support for the competition until 2020. In addition, Talanx will host the annual national prize-giving ceremony at its premises. The National Mathematics Competition is open to school students of all classes who are interested in mathematics, including those attending German schools abroad. By acting as a sponsor, the Group aims to stimulate interest in the subject

among school students and to encourage and support talented young mathematicians. Insurance companies need mathematicians to calculate risks, premiums and technical provisions, among other things.

Responsibilities: Because of the wide-ranging nature of the Talanx Group’s social commitment, a number of different functions are involved. These include Human Resources, Group Communications and the individual divisions, which organise donations, for example. The same also applies to Group subsidiaries in Germany and abroad. In addition, our employees contribute personally or as members of their departments to activities such as gift initiatives at Christmas or vocational trainees’ projects in support of charitable causes.

HDI

IN BRIEF

Company name and domicile:

HDI Seguros S. A., São Paulo, Brazil

Number of employees: 1,343

One of the organisations that HDI Brazil supports is GRAACC, a charity helping children and young people with cancer. In addition to diagnosing and treating cancer in children, GRAACC has a teaching and research function. This can only be achieved with the active support of a large number of companies.

In focus

CORPORATE SOCIAL RESPONSIBILITY IS A KEY PART OF HOW WE DO BUSINESS

HDI GLOBAL SE – THE NETHERLANDS BUILDS ON TALANX’S STRATEGIC APPROACH

HDI Global SE’s Dutch branch, which has been included in Talanx’s Sustainability Report for the first time, is increasing the range and depth of its CSR activities. All employees were informed of the details in an internal newsletter. Staff can use a CSR mailbox to submit ideas, tips and existing initiatives to selected CSR ambassadors and hence contribute directly to increasing our corporate social responsibility. The Dutch branch is using Talanx’s strategic approach as the framework for its activities. The colleagues on the ground there are basing their CSR work on the action areas of “Compliance and Transparency”, “Investment and Products”, “Work and Employees”, “Day-to-day Operations and Procurement” and “Corporate Citizenship”.



INVOLVEMENT IN SPORTING ACTIVITIES – EMPLOYEES SUPPORT PEOPLE WITH DISABILITIES DURING CITY RUN

HDI Global SE – the Netherlands has already set up projects that it actively supports in the area of sports in particular. These include the Rotterdam City Run. Employees guide runners with disabilities during this event, helping them to complete the course successfully. This always makes for an unforgettable occasion, both for our HDI colleagues and for the runners themselves. Last year a total of 150 employees took place in the City Run.

The race is organised by the Dirk Kuyt Foundation, which focuses on opening up sports for people with disabilities and allowing them to participate in a new, barrier-free manner. The HDI branch is proud to be actively supporting such a project at their local level.



“We think CSR is extremely important and there is still plenty to be done. We don’t




intend to make this another project yet, because CSR is subject to continuous improvement and innovation. The goal is for dynamic groups of enthusiastic people from varying backgrounds to share an ambition – to continuously take the next step towards becoming a bit more sustainable in an agile manner.”

Sharon van Herel and Bas de Vries – Managing Directors

ABOUT THIS REPORT

¹ 102-52 | 102-54

¹ The Talanx Group uses this sustainability report to present extensive information on ESG topics. The report was prepared in accordance with the GRI Standards' Core option. In some cases, however, the information provided goes beyond the scope of the Core option, for example because the report is also designed to meet the information requirements of relevant ESG ratings that have a sustainability focus. The Talanx Group has published a sustainability report annually since 2015.


The  GRI Content Index (page 74ff.) provides an overview of all GRI topics and indicators contained in this report; information on how the SDGs relate to Talanx's various action areas is given on page 26, page 40, page 56 and page 66. Our  sustainability goals are listed on page 11ff. References and symbols are explained in the  key on page 2.

One important basis for this report and for our sustainability strategy are two stakeholder surveys that were conducted in 2014 and 2018 among employees, customers, intermediaries and business partners, investors and analysts, politicians and NGO and association representatives, research institutions, the media and society, see the  section entitled "Materiality analysis" (page 14ff.). We conducted our materiality analysis in accordance with the principles for defining report content set out in the GRI and the German Commercial Code (HGB, as amended by the German CSR Directive Implementing Act – CSR-RUG).

Sustainability Context: The report presents the Talanx Group's activities and achievements in the wider context of sustainable development. To do this, we identified the relevant topics using not only the list of GRI indicators, but also a wide range of different literature, sustainability studies and initiatives, and the criteria applied in ESG ratings.

Materiality: In line with the GRI Standards and the HGB, the report covers those topics that

- show Talanx's significant economic, environmental and social impacts
- substantively influence our stakeholders' assessments and decisions and
- are highly relevant for our business success.

In order to ensure the materiality of the report content, we include topics that have been identified as particularly important on an aggregate basis both by the stakeholders surveyed and by Talanx's internal Sustainability Competence Team. We also report on those topics that our key stakeholder groups consider to be particularly important. Details of these topics can be found in the  overview of material and additional topics (page 17f.).

Completeness: Our report aims to cover all topics that are relevant to Talanx as an insurance group. To ensure this is the case, we verified the priorities for the topics after they had been assigned by comparing them again with the sources used to identify them and to prepare the questionnaire. We also reviewed the sustainability information published by other financial services and insurance companies and sector-specific studies to ensure that we had not left any topics out. Additionally, the results of the materiality analysis were discussed by the Board of Management.

Stakeholder Inclusiveness: This report identifies the stakeholders who play a role for Talanx and the topics that are important to them. As far as possible we also report on those topics. In addition to our direct stakeholder survey, we took stakeholder interests into account by using studies, initiatives and ESG ratings to identify the topics. Last but not least, the report is structured in accordance with the GRI Standards, which are the result of a multi-stakeholder process.

Since 2017, the data for the sustainability report has been collated using a comprehensive data capture system. Due to this new software-based method of collating data and the continuous expansion of the report boundaries, deviations between the current data and the figures for previous years cannot be ruled out. As a result, the changes in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes.

The Talanx Group is obliged to prepare a consolidated non-financial statement in accordance with the requirements of section 315b(1) in conjunction with section 315c/ section 289c of the HGB. This statement was included in

the 2018 Group Annual Report and can be found on page 64ff. of that document, in the “Consolidated non-financial statement” section of the combined management report. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance review of the consolidated non-financial statement in accordance with ISAE 3000 (Revised).

1 **Scope of reporting:** The Talanx Group is successively expanding its sustainability reporting to companies in its target regions. The current report already includes the Talanx Group companies and locations listed in Table 32, to the extent that these make a significant contribution to the indicators or topics:

 Annual Report


1  102-45 | 102-49


T32 SCOPE OF SUSTAINABILITY REPORTING


Affiliates included in reporting	Country	Employees	Divisions and companies reporting	Equity interest (shareholding)
Talanx Group companies and locations in Germany	Germany	9,174	Talanx AG Industrial Lines Division in Germany Retail Germany Division HDI International AG Corporate Operations: ■ HDI Service AG ■ HDI Systeme AG ■ Ampega Asset Management GmbH	100% in all cases
WARTA-Gruppe	Poland	2,605	Towarzystwo Ubezpieczeń i Reasekuracji WARTA S.A. Towarzystwo Ubezpieczeń na Życie WARTA S.A.	75.74% 75.74%
HDI Seguros S.A. de C.V.	Mexico	1,370	HDI Seguros S.A. de C.V.	99.76%
HDI Seguros S.A.	Brazil	1,343	HDI Seguros S.A.	100.00%
HDI Seguros S.A.	Chile	676	HDI Seguros S.A.	99.91%
HDI Assicurazioni	Italy	407	InLinea S.p.A HDI Immobiliare SRL InChiaro Life DAC	100% 100% 100%
HDI Global SE – the Netherlands ¹⁾	Netherlands	327	n.a.	Gross written premiums in EUR thousand: 206,633
HDI Versicherung AG (Österreich)	Austria	297	HDI Versicherung AG (Austria)	100%
HDI Global SE – Direction pour la France ¹⁾	France	137	n.a.	Gross written premiums in EUR thousand: 414,077
HDI Global SE – Branch for Belgium ¹⁾	Belgium	93	n.a.	Gross written premiums in EUR thousand: 226,506


¹⁾ We define the branch of a Group company as a unit with no legal personality that is geographically and organisationally separate, that is bound internally by instructions but that has an independent market presence. The Talanx Group companies listed here maintain branches that we consider to be material for an understanding of the Group's position.

This means that the Talanx Group's most important foreign companies, measured in terms of premiums, are covered. As at the 31 December 2018 reporting date, this report therefore covered 16,429 members of staff. This corresponds to 74.0% of the Group's total workforce (22,193⁴¹). However, selected employee indicators cover the entire Talanx Group.


We use our  "In focus" spreads (page 27, page 41, page 57, page 67, page 69) to highlight special projects and measures that help us to make our operations more sustainable and environmentally friendly.

The report's main focus is on primary insurance and on our Corporate Operations. Information on  Hannover Rück SE is generally not included since our reinsurance subsidiary publishes its own sustainability report. Equally, the sustainability strategy and goals apply to the Talanx Group with the exception of the Hannover Re Group.

Cases in which information is not yet available for all the companies, locations and units covered by this report are flagged. We are planning to successively expand reporting to include additional foreign companies and locations in the coming years .

 **Reporting period:** This report refers to the 2018 financial year, i.e. to the period from 1 January 2018 to 31 December 2018. Due to the inclusion of additional companies and branches in the report and – where possible – a consolidated presentation, no year-to-year comparisons of the indicators are generally possible. We indicate and comment on changes in data capture as appropriate.

THE TALANX GROUP – KEY MEMBERSHIPS

 The Talanx Group is a member of a large number of regional, national and global associations, interest groups and organisations. In addition, our staff are members of working groups that focus on a variety of topics and contribute their expertise to relevant discussions, including on sustainability topics. The following list shows selected key memberships:

INSURANCE INDUSTRY ASSOCIATIONS AND GROUPS

- aba Arbeitsgemeinschaft für betriebliche Altersversorgung e. V.
- AfW Bundesverband Finanzdienstleistung
- Arbeitsgemeinschaft der Versicherungsvereine auf Gegenseitigkeit e. V. (ARGE VVaG)
- Bundesverband Investment und Asset Management e. V. (BVI)
- CRO (Chief Risk Officers) Forum
- Deutsche Kernreaktor-Versicherungsgemeinschaft (DKVG)
- Deutscher Verein für Versicherungswissenschaft
- European Insurance CFO (Chief Financial Officers) Forum
- Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV)
- Gesellschaft für Versicherungsfachwissen (GVFW)
- Global Insurance Chief Compliance Officers (CCO) Forum
- Kuratorium für Verkehrssicherheit (KFV)
- Pharma-Rückversicherungsgemeinschaft
- The Geneva Association
- Verein Deutscher Lebensversicherer
- Verkehrsofferhilfe e. V. (VOH)
- Versicherungsforen Leipzig
- Versicherungsombudsmann e. V.
- Wiesbadener Vereinigung

BUSINESS AND COMMERCIAL ASSOCIATIONS

- AHK Indo-German Chamber of Commerce
- Arab-German Chamber of Commerce and Industry e. V. (Ghorfa)
- Bundesverband Deutscher Innovations-, Technologie- und Gründerzentren e. V. (BVIZ)
- German-Polish Chamber of Industry and Commerce
- Deutsches Institut für Normung (DIN)
- German Business Association (Vietnam)
- Hildener Industrieverein
- Industrie- und Handelskammer Hannover (IHK)
- Industrie-Club Hannover e. V.
- Initiative Deutschland Digital
- Institut der Norddeutschen Wirtschaft e. V. (INW)
- Wirtschaftsclub Köln
- Wirtschaftsrat Deutschland

 Sustainability at Hannover Rück SE

 Sustainability goal

 102-50

 102-13

⁴¹ This figure covers the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included.

SUPPORT AND SPONSORSHIPS

- 1. FC Köln
- Betriebssportgemeinschaft Rheinpark
- Deutscher Verein für Versicherungswissenschaft e. V. (DVFVW)
- Freundeskreis der Leibniz Universität Hannover
- Hannover 96
- Internationale Schule Hannover Region GmbH
- Kompetenzzentrum Versicherungswissenschaften (KVW)
- Stifterverband für die deutsche Wissenschaft e. V.
- Verein zur Förderung der Versicherungswissenschaft an der Universität Hannover e. V.

TOPIC- AND FUNCTION-SPECIFIC BODIES

- Allgemeine Arbeitgebervereinigung (AGV)
- Deutsche Aktuarvereinigung e. V. (DAV)
- Deutsche Gesellschaft für Personalführung e. V. (DGFP)
- Deutscher Anwaltverein e. V. (DAV)
- Deutscher Investor Relations Verband e. V. (DIRK)
- Deutsches Institut für Compliance e. V. (DICO)
- Deutsches Rechnungslegungs Standards Committee e. V. (DRSC)
- Institut "Finanzen und Steuern" e. V. (ifst)
- Juristische Studiengesellschaft Hannover

THE TALANX GROUP – MEMBERSHIPS (REST OF WORLD)

BELGIUM

- Association of Medium-sized Insurance Companies (ACAM)
- Belgian Risk Management Association (Belrim)
- Federation of European Risk Management Associations
- Financial Services and Markets Authority
- National Bank of Belgium
- Royal Belgian Association of Transport Insurers (ABAM BVT)

BRAZIL

- National Confederation of Insurance Companies
- National Federation of General Insurance
- Syndicate of Insurance and Reinsurance Companies

CHILE

- Asociación de Aseguradores de Chile

ITALY

- Associazione Nazionale tra le Imprese Assicuratrici (ANIA)
- Roma Tre University (Università degli Studi Roma Tre)

MEXICO

- Association of Mexican Insurance Companies (AMIS)

NETHERLANDS

- Verbond van Verzekeraars

AUSTRIA


- Aktuarvereinigung Österreichs (AVÖ)
- Arbeitsgemeinschaft der in Österreich tätigen Versicherungsunternehmen
- Arbeitsgemeinschaft der Steirischen Versicherungsmakler
- Bildungsakademie der Österreichischen Versicherungswirtschaft (BÖV)
- Deutschsprachige SAP Anwenderfachgruppe e. V. (DSAG)
- Kuratorium für Verkehrssicherheit
- Österreichische Gesellschaft für Versicherungsfachwissen
- Österreichische Marketing Gesellschaft
- Österreichische Baumaschinenverband
- TWI Wirtschaftsservice e. V.
- Versicherungsverband Österreich (vvo)


POLAND

- German-Polish Chamber of Industry and Commerce
- International Union of Aerospace Insurers (IUAI)
- International Union of Marine Insurance (IUMI)
- Partner Club of Poznań University of Economics
- Polish Association of Car Dealers (Związek Dealerów Samochodów)
- Polish Business Club Club (Polski Klub Biznesu)
- Polish Insurance Association (PIU)
- Polish Insurance Guarantee Fund (UFG)
- Polish Motor Insurers' Bureau (PBUK)

GRI CONTENT INDEX

¹  102-55

¹  Tables 33 and 34 contain the Talanx-specific GRI Content Index for the Core “In accordance” option, plus additional disclosures in some cases. The Index only

contains the specific standard disclosures relating to material or additional topics for Talanx. See  Table 4 (page 17f.) for information on how the GRI topics are assigned to these Talanx-specific topics.

T33 MANAGEMENT APPROACHES

	GRI 103: Management approaches 2016		
	103-1 Explanation of the material topics and their boundaries	103-2 The management approach and its components	103-3 Evaluation of the management approach
Compliance	20	21, 22	22
Anti-corruption and anti-money laundering	20	22	23
Data protection and Cybersecurity	24	24, 25	25
Digital transformation	25	26	26
ESG in asset management	30	30, 31	31
Sustainability of insurance products	32	33	33
Employee recruitment and development	43	45	45
Talanx as an employer	47	47, 49	49
Occupational health and safety	53	53, 54	54
Environmental protection in the enterprise	58	58	58
Supplier management	65	65	65
Corporate Citizenship	68	68	68

T34 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC
GRI 101:	Foundation 2016			
GENERAL DISCLOSURES				
GRI 102:	General Disclosures 2016			
Organisational profile				
102-1	Name of the organisation	3		
102-2	Primary activities, brands, products and services	4		
102-3	Location of the organisation's headquarters	4		
102-4	Location of operations	4		
102-5	Ownership and legal form	4		
102-6	Markets served	4		
102-7	Scale of the organisation	4		
102-8	Information on employees and other workers	42, 43		6
102-9	Supply chain	5		
102-10	Significant changes to the organisation and its supply chain	4	talanx.com/investor-relations.aspx?sc_lang=en	
102-11	Precautionary Principle or approach	28		
102-12	External initiatives	19		
102-13	Membership of associations	72		
Strategy				
102-14	Statement from senior decision-maker	3	See Letter from the Chairman	
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	20		10
Governance				
102-18	Governance structure	6, 19		
102-20	Executive-level responsibility for economic, environmental and social topics	19		
102-22	Composition of the highest governance body and its committees	7		
102-23	Chair of the highest governance body	7		
102-24	Nominating and selecting the highest governance body	7		
102-25	Conflicts of interest	7		
102-26	Role of highest governance body in setting purpose, values and strategy	19		
102-29	Identifying and managing economic, environmental and social impacts	19, 29		
102-31	Review of economic, environmental and social topics	19		
102-32	Highest governance body's role in sustainability reporting	19		
102-35	Remuneration policies	7		

T34 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC
	Stakeholder engagement			
102-40	List of stakeholder groups	8, 14		
102-41	Collective bargaining agreements	43		3
102-42	Identifying and selecting stakeholders	8, 15		
102-43	Approach to stakeholder engagement	14, 15, 19, 34		
102-44	Key topics and concerns raised	8, 15, 16, 34		
	Reporting practice			
102-45	Entities included in the consolidated financial statements	4, 71		
102-46	Defining report content and topic boundaries	14		
102-47	List of material topics	15		
102-48	Restatements of information		Restatements are indicated at the appropriate points	
102-49	Changes in reporting	71		
102-50	Reporting period	72		
102-51	Date of most recent report	81		
102-52	Reporting cycle	70		
102-53	Contact point for questions regarding the report	81		
102-54	Claims of reporting in accordance with the GRI Standards	70		
102-55	GRI content index	74		
102-56	External assurance		No external audit of the Sustainability Report is currently performed. Unless otherwise indicated, the financial information disclosed is based on the consolidated financial statements for the Talanx Group, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) and audited by the auditor of the financial statements	
	ECONOMIC TOPICS			
	Economic performance			
GRI 201:	Economic performance 2016			
201-1	Direct economic value generated and distributed	4	We do not capture the value of community investments made; no dedicated employee volunteering programme exists at present	
201-2	Financial implications and other risks and opportunities due to climate change	29, 31		7
201-3	Defined benefit plan obligations and other retirement plans	43		
	Market presence			
GRI 202:	Market presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	45		
202-2	Proportion of senior management hired from the local community	46		

T34 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC
	Indirect economic impacts			
GRI 203:	Indirect economic impacts 2016			
203-1	Infrastructure investments and services supported	32		
203-2	Significant indirect economic impacts	28, 31, 32		
	Procurement practices			
GRI 204:	Procurement practices 2016			
204-1	Proportion of spending on local suppliers	66		
	Anti-corruption			
GRI 205:	Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	23		10
205-2	Communication and training about anti-corruption policies and procedures	23		10
205-3	Confirmed incidents of corruption and actions taken	23	There were no material incidents in the reporting period	10
	Anti-competitive behaviour			
GRI 206:	Anti-competitive behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	22	There were no material incidents in the reporting period	10
	ENVIRONMENTAL TOPICS			
	Materials			
GRI 301:	Materials 2016			
301-1	Materials used by weight or volume	63		7, 8
301-2	Recycled input materials used	63		8
	Energy			
GRI 302:	Energy 2016			
302-1	Energy consumption within the organisation	60		7, 8
302-3	Energy intensity	60		8
302-4	Reduction of energy consumption	60		8, 9
	Water			
GRI 303:	Water 2016			
303-1	Water withdrawal by source	64		7, 8
	Emissions			
GRI 305:	Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	60		7, 8
305-2	Energy indirect (Scope 2) greenhouse gas (GHG) emissions	62		7, 8
305-3	Other indirect (Scope 3) GHG emissions	60		7, 8
305-5	Reduction of GHG emissions	61		8, 9
	Effluents and Waste			
GRI 306:	Effluents and Waste 2016			
306-1	Water discharge by quality and destination	64		8
306-2	Waste by type and disposal method	64		8

T34 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC
	Environmental compliance			
GRI 307:	Environmental compliance 2016			
307-1	Non-compliance with environmental laws and regulations	22	There were no material incidents in the reporting period	8
	Supplier environmental assessment			
GRI 308:	Supplier environmental assessment 2016			
308-1	New suppliers that were screened using environmental criteria	66		8
308-2	Negative environmental impacts in the supply chain and actions taken	66		8
	SOCIAL TOPICS			
	Employment			
GRI 401:	Employment 2016			
401-1	New employee hires and employee turnover	45		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52		
401-3	Parental leave	51		
	Occupational health and safety			
GRI 403:	Occupational health and safety 2016			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	55		
403-3	Workers with high incidence or high risk of diseases related to their occupation	53		
	Training and education			
GRI 404:	Training and education 2016			
404-1	Average hours of training per year per employee	46		
404-2	Programs for upgrading employee skills and transition assistance programs	46		
404-3	Percentage of employees receiving regular performance and career development reviews	47		
	Diversity and equal opportunity			
GRI 405:	Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	49		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	51	No gender-related distinction as to employee remuneration is made in the Talanx Group for the same or equivalent work	1, 2, 6
	Non-discrimination			
GRI 406:	Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	51		1, 2, 6

T34 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC
	Freedom of association and collective bargaining			
GRI 407:	Freedom of association and collective bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	21, 66		1, 2, 3
	Child labour			
GRI 408:	Child labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	21, 66		1, 2, 5
	Forced or compulsory labour			
GRI 409:	Forced or compulsory labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	21		1, 2, 4
	Human rights assessment			
GRI 412:	Human rights assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	53	It is not possible at present to give the precise number and/or percentage of locations assessed	
412-2	Employee training on human rights policies or procedures	21	It is not possible at present to give the precise number of hours spent attending training	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	31	See FS11	1–6
	Supplier social assessment			
GRI 414:	Supplier social assessment 2016			
414-1	New suppliers that were screened using social criteria	66		1–6
414-2	Negative social impacts in the supply chain and actions taken	66		1–6
	Public policy			
GRI 415:	Public policy 2016			
415-1	Political contributions	23		10
	Marketing and labelling			
GRI 417:	Marketing and labelling 2016			
417-1	Requirements for product and service information and labelling	34		
417-2	Incidents of non-compliance concerning product and service information and labelling	36	There were no material incidents in the reporting period	
417-3	Incidents of non-compliance concerning marketing communications	36	There were no material incidents in the reporting period	

T34 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC
	Customer privacy			
GRI 418:	Customer privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25	There were no material incidents in the reporting period	
	Socioeconomic compliance			
GRI 419:	Socioeconomic compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	22	There were no material incidents in the reporting period	1–10
	SECTOR-SPECIFIC DISCLOSURES			
	Product portfolio			
	Management approach		Sustainability of insurance products	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	4		
FS7	Monetary value of products and services designed to deliver a specific social benefit	39		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	39		8
	Audit			
	Management approach		Sustainability of insurance products	
	Active ownership			
	Management approach		Sustainability of insurance products	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Talanx currently does not exercise voting rights for shares over which the Group holds the right to vote shares	1–10
FS11	Percentage of assets subject to positive and negative environmental or social screening	31		1–10
	Local communities			
	Management approach		Sustainability of insurance products	
FS13	Access points in low-populated or economically disadvantaged areas by type	39		

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1  102-53

This English Sustainability Report is a translation of the original German text; the German version takes precedence in case of any discrepancies.

2  The most recent previous sustainability report was published on 7 June 2018.

2  102-51

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Talanx's online Sustainability Report:

www.talanx.com/nachhaltigkeit.aspx?sc_lang=en

Glossary for the Sustainability Report:

www.talanx.com/nachhaltigkeit/glossar-und-abk/glossar_abk_nh.aspx?sc_lang=en

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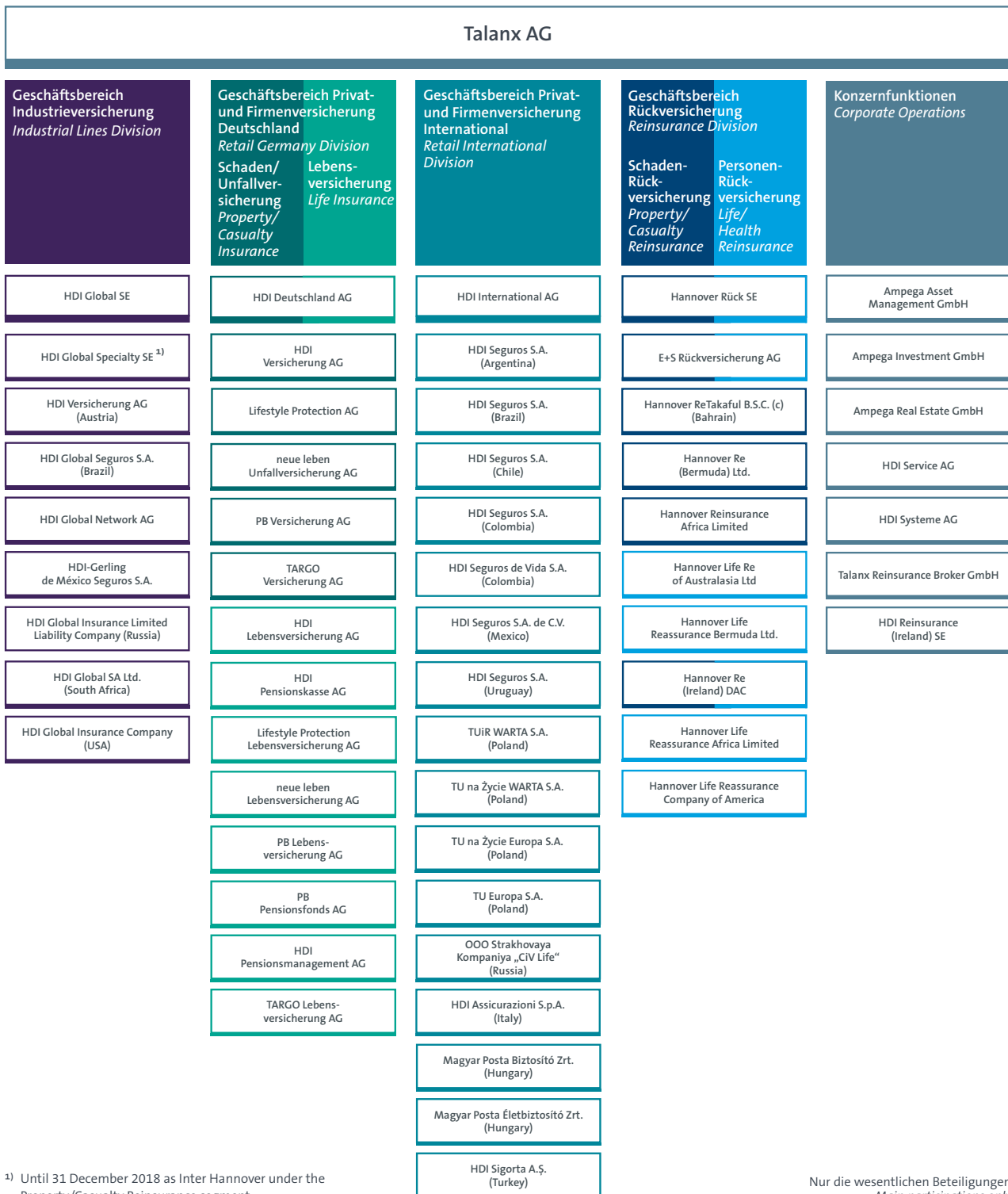
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DISCLAIMER

This report contains forward-looking statements which are based on certain assumptions by, or expectations and opinions of, the management of Talanx AG (the "Company") or that are cited from third-party sources. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond the Company's control, affect the Company's business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialise, the Company's actual results, performance or achievements may vary materially from those expressed or implied as being expected, anticipated, intended, planned, believed, sought, estimated or projected.

The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors, nor does it accept any responsibility for the actual occurrence of the forecasted developments. The Company neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate.

GROUP STRUCTURE



¹⁾ Until 31 December 2018 as Inter Hannover under the Property/Casualty Reinsurance segment

Nur die wesentlichen Beteiligungen
Main participations only
Stand / As at: 30.01.2019

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