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16

Sustainability Report 2016

talanx.

Insurance. Investments.

HIGHLIGHTS

Roughly

EUR
382
MILLION

in new infrastructure investments in 2016, especially in renewables and social projects in Europe

[Page 56 ff.](#)

Approximately

EUR
1.5
BILLION



in total infrastructure investments at the end of 2016

[Page 56 ff.](#)

Preparations for ESG investment screening largely completed

[Page 56](#)

Alternatives to company cars: flat-rate mobility grant or first-class BahnCard 100

[Page 33](#)



Sustainability Report now also covers HDI Assicurazioni, Italy: together with the WARTA Group, this means that the largest foreign companies in terms of premiums are now included [Page 8](#)



Talanx will become the main sponsor of Germany's National Mathematics Competition in 2017 to stimulate interest in the subject among school students and to encourage and support talented young mathematicians [Page 66](#)

Ongoing reduction in vehicle fleet greenhouse gas emissions: upper limit for CO₂ bonus for company cars set at for 2017 [Page 13](#)

↓ **125**
G/KM

110
YEARS



More than 110 years of our insurance company's history go on show at the new HDI Museum

[Page 22](#)

Compliance management system for GbV Code of Conduct for Insurance Distribution implemented at the relevant Talanx companies [Page 60](#)

Talanx signs up to the Fair Company Initiative, which provides reliable, recognised quality standards for interns

[Page 41](#)



↓ **8.9**
METRIC TONS CO₂

More than 260 employees and their family members in Cologne and Hannover save approximately 8.9 metric tons of CO₂ during the "City cycling" competition [Page 34](#)



New Talanx Values Award honours activities that are an inspiration to live our Talanx Values: HDI Seguros S. A., Mexico, is the first winner [Page 22](#)



Talanx wind farm investment Gode Wind 1 wins PFI "Europe Renewables Deal of the Year 2015" award [Page 57](#)

AT A GLANCE

The following list of performance indicators covers both topics identified in the [Materiality analysis \(page 15ff.\)](#) and those that are otherwise relevant for the Talanx Group.

T1 FINANCIAL, ENVIRONMENTAL AND EMPLOYEE PERFORMANCE INDICATORS

Performance indicator	Unit	2016	2015
Financial performance indicators and metrics			
Gross written premiums	EUR MILLION	31,106	31,799
Operating result (EBIT)	EUR MILLION	2,300	2,182
Group net income	EUR MILLION	907	734
Return on equity	%	10.4	9.0
Investments under own management	EUR MILLION	107,174	100,777
Number of employees ¹⁾	HEADCOUNT	21,366	21,691
Shares in free float	%	21.0	21.0
Gross written premiums (primary insurance)	EUR MILLION	15,380	15,468
Report's coverage of the Talanx Group			
Percentage of Talanx Group employees covered	%	58.3	56.9
Percentage of Talanx Group employees covered with the exception of the Hannover Re Group	%	67.4	64.5
Talanx Group gross premiums covered	%	32.6	29.8
Talanx Group gross premiums for primary insurance covered	%	66.0	61.2
Compliance and Transparency			
Employees covered by the Code of Conduct	%	100.0	100.0
Female members of Talanx AG's Supervisory Board	%	25.0	25.0
Female members of Talanx AG's Board of Management	%	—	—
Female members of supervisory/advisory/administrative boards of companies in the Talanx Group ²⁾	%	12.2	8.7
Female members of boards of management/managing directors of companies in the Talanx Group ²⁾	%	14.6	15.3
Day-to-day Operations and Procurement			
Energy consumption per workspace/employee ³⁾	MWH	3.5	4.2
Paper consumption per workspace/employee ³⁾	METRIC TONS	0.02	0.04
Water consumption per workspace/employee ⁴⁾	CUBIC METRES	6.7	5.5
Business travel and trips in company cars ⁵⁾	MILLIONS OF KM	46.4	38.7
Business travel and trips in company cars per employee ⁵⁾	KM	4,907	4,008
Greenhouse gas emissions from business travel and trips in company cars ⁵⁾	METRIC TONS	7,010	4,706
Greenhouse gas emissions from business travel and trips in company cars per employee ⁵⁾	METRIC TONS	0.7	0.5
Work and Employees ⁶⁾			
Total continuing professional development days	DAYS	18,342	19,141
Continuing professional development days per employee	DAYS	2	2
Employee reviews performed ⁷⁾	%	95.0	95.7
Management positions filled internally	%	80.5	85.9 ⁸⁾
Employee turnover	%	7.0	6.5
Length of service	YEARS	14.8	14.5
Total female employees	%	46.8	46.9
Women in management positions	%	18.4	17.5
Retention rate 12 months after return from parental leave	%	94.8	93.0
Absences	%	6.6	n. a.
Investment and Products			
Volume of infrastructure investments	EUR MILLION	1,504	1,134

¹⁾ Includes the active core workforce and inactive employment relationships (not including people in the passive partial retirement phase).

²⁾ Includes the companies in the Talanx Group in Germany with the exception of the Hannover Re Group, as well as the WARTA Group and HDI Assicurazioni; the latter company has only been included since 2016. Two companies that were included in 2015 have since been merged.

³⁾ Includes the Talanx Group's locations in Germany with the exception of the Hannover Re Group (previous year: only the four largest locations), as well as the WARTA Group and HDI Assicurazioni; the latter company has only been included since 2016. In some cases the figures refer to physical workspaces and in some cases to employees including vocational trainees, etc. in order to show the relationship to the number of users.

⁴⁾ Includes the Talanx Group's locations in Germany with the exception of the Hannover Re Group (previous year: only the four largest locations), as well as HDI Assicurazioni; the latter company has only been included since 2016.

⁵⁾ Includes all company cars (previous year: only 79%) in the Talanx Group in Germany with the exception of the Hannover Re Group.

⁶⁾ Includes the active core workforce and inactive employment relationships (not including people in the passive partial retirement phase) in Germany with the exception of the Hannover Re Group.

⁷⁾ Includes reviews by their superiors of the senior managers of the Talanx Group in Germany (with the exception of the Hannover Re Group) (generally tier 1 and tier 2 management).

⁸⁾ The prior-year figure has been amended to correct an error.

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KEY

 Sustainability goal

 GRI G4 reference

 Page reference

 Web reference



HERBERT K HAAS
Chairman

Ladies and gentlemen,

1  We have made considerable progress in implementing the many different aspects associated with doing business sustainably in the Talanx Group. We have launched a large number of initiatives and in some cases have already successfully completed them, while in others projects are still ongoing due to their complexity. We have already reached one key milestone. As from 2017, we shall benchmark our investments for sustainability as well, using predefined criteria to decide whether particular investments meet our sustainability requirements. We are being assisted in this process by a neutral service provider that will screen our investment portfolio at regular intervals. These insights will enable us to manage our investments – and especially the financial investments that we use for our customers’ retirement provision – even more sustainably. As one of Europe’s large insurers with total assets under management in excess of EUR 100 billion, investments are a key lever in our sustainability strategy.

We have also made progress towards investing more in infrastructure projects. Total investments in this area amounted to EUR 1.5 billion at the end of 2016. By the end of 2017 we want to have lifted this figure to approximately EUR 2 billion. We also recorded another, if more modest,

success in reducing our carbon footprint. We have resolved a mobility strategy that allows eligible employees to choose between company cars, a flat-rate mobility grant and a BahnCard 100 railcard. We have also introduced incentives to reward employees whose company cars have CO₂ emissions of less than 125 g/km according to the information provided by the manufacturers.

These three examples go to show on the one hand that the Talanx Group is pursuing its sustainability goals and on the other how complex the topic is for an insurance company. Naturally we still have a lot of work ahead of us. For us, sustainability management and our sustainability reporting are a long-term process. This can be also seen from the fact that we have expanded our Sustainability Report to include HDI Assicurazioni, our Italian company.

Equally, we are extremely conscious of our social responsibility. We have focused for many years here on the topic of education. This explains why we have also started sponsoring Germany’s National Mathematics Competition as of January 1, 2017. Firstly, we are providing financial support for talented young mathematicians, and secondly we will be holding the annual national prize-giving ceremony on Talanx’s premises. The National Mathematics Competition is open to school students of all classes who are interested in mathematics, including those attending German schools abroad.

1  G4-1

Many different groups in society are calling for companies to do business sustainably. As one of the large insurance groups in Europe, we aim to meet these demands directly, through what we do ourselves.


I hope you enjoy reading our second Sustainability Report.




Yours sincerely


Herbert K Haas


ABOUT THIS REPORT

¹  G4-30 | G4-32


¹  In this Sustainability Report, Talanx presents extensive information on environmental, social and governance topics. The report has been prepared in accordance with the **Global Reporting Initiative guidelines (GRI G4)** and meets the requirements of the **Core** “In accordance” option, which covers the key elements that have to be included in sustainability reports. 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 environmental, social and governance (ESG) ratings that have a sustainability focus. The Talanx Group’s Sustainability Report is published annually; the first report was produced last year.

The  **GRI Content Index** (page 67ff.) provides an overview of all GRI Aspects and Indicators contained in this report; a  complete list of our sustainability goals can be found on page 12f. References and symbols are explained in the  key on page 2.

One important basis for this report and for our sustainability strategy is a stakeholder survey conducted in the autumn of 2014 among employees¹⁾, customers, investors and analysts, as well as representatives of other stakeholder groups (see the  section entitled “Materiality analysis” [page 15ff.]).

²  G4-17 | G4-23

 www.hannover-re.com/60729/sustainability

²  **Entities covered:** This report covers those Talanx Group companies and locations in Germany (our home location) that make a significant contribution to the Indicators or Aspects, as well as the WARTA Group in Poland and, as of this year, HDI Assicurazioni in Italy. This means that the Talanx Group’s most important foreign companies, measured in terms of premiums, are covered.

¹  Sustainability goal

The report covers

- Talanx AG,
- the Industrial Lines Division in Germany,
- the Retail Germany Division,
- Talanx International AG and
- our Corporate Operations such as Talanx Service AG, Talanx Systeme AG (the Group’s IT service provider) and Talanx Asset Management.

³  G4-28

Altogether, these companies employ approximately 9,000 people. In addition, this Sustainability Report contains information on the WARTA Group in Poland, which currently has more than 2,500 employees. The relevant companies include


- Towarzystwo Ubezpieczeń i Reasekuracji WARTA S.A. (property/casualty) and
- Towarzystwo Ubezpieczeń na Życie WARTA S.A. (life),


in which Talanx AG indirectly holds 75.7% of the shares in each case.


The report also covers HDI Assicurazioni, which employs more than 400 staff. The Group comprises


- CBA Vita S.p.A.,
- InLinea S.p.A.,
- HDI Immobiliare SRL,
- InChiaro Assicurazioni S.p.A. and
- InChiaro Life DAC.

Talanx AG indirectly holds 100.0% of the shares of each of these companies, with the exception of InLinea S.p.A. (70.0%).

In addition, our  “In focus” category (page 38, page 65) presents model projects from other companies in the Talanx Group that are not yet included in the Sustainability Report.

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. ¹  We are planning to expand reporting to include additional foreign companies and locations.

³  **Reporting period:** This report refers to the 2016 financial year, i.e. to the period from 1 January 2016 to 31 December 2016. In many places the prior-year figures are given in brackets for comparative purposes. Changes made in the data captured compared to the Sustainability Report 2015 have been indicated.

¹⁾ Gender-neutral language has been used throughout this report.

1 GENERAL INFORMATION AND ORGANISATIONAL PROFILE

¹ The Talanx Group is a multi-brand provider in the insurance and financial services sector. It had 21,366 employees worldwide as at the end of 2016 (previous year: 21,691).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 and holds an interest of 79.0%. As in the previous year, 21.0% of the shares are in free float.

² In financial year 2016, the Talanx Group generated Group net income of EUR 907 (734) million. The Group's gross written premiums amounted to EUR 31.1 (31.8) billion; the operating result (EBIT) rose by 5.4% to EUR 2.3 (2.2) billion.

Additional information on Talanx's business development, size and directly generated and distributed economic value can be found in the [Group Annual Report 2016](#):

- For Talanx's premium volumes and the results of its individual segments and markets, see the chapter entitled "Business development" on page 31ff.
- For its total assets including information on liabilities and equity, see the consolidated balance sheet of Talanx AG on page 134f.
- For information on Talanx's shares, see "Our shares" on page 14ff. and "Earnings per share" on page 238f.
- For information on administrative expenses, see Note 32, "Acquisition costs and administrative expenses", on page 230
- For information on personnel expenses see Note 33, "Other income/expenses", on page 231
- For information on interest and dividends paid see the consolidated cash flow statement of Talanx AG on page 140
- For the reported tax expense see Note 35, "Taxes on Income", on page 231

³ Material changes in the size, structure and nature of ownership of the Talanx Group in the reporting period are described in the [Group Annual Report 2016](#); see the section entitled "Foundations of the Group" on page 18ff. and the chapter entitled "Business development" on page 31ff., among other places.

DIVISIONS, PRODUCTS AND BRANDS

⁴ Talanx is represented by its own companies or branches on all five continents of the world, and has employees in over 40 countries. A list of all entities included in the consolidated financial statements is provided in the [chapter entitled "List of shareholdings" on page 242ff.](#) of the Group Annual Report 2016. In addition, the Group has business relationships with primary insurance and reinsurance customers in around 150 countries in total.

⁵ 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 Property/Casualty Reinsurance and Life/Health Reinsurance segments and is operated by Hannover Re.

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 2016 \(page 18\).](#)

³ [G4-13](#)

www.talanx.com/investor-relations/presentations-and-events/disclosure/2017?sc_lang=en

¹ [G4-3](#) | [G4-5](#) | [G4-7](#) | [G4-9](#)

⁴ [G4-6](#) | [G4-9](#) | [G4-17](#)

[Group Annual Report](#)

² [G4-9](#) | [G4-EC1](#)

⁵ [G4-4](#) | [G4-8](#) | [G4-F56](#)

[Group Annual Report](#)

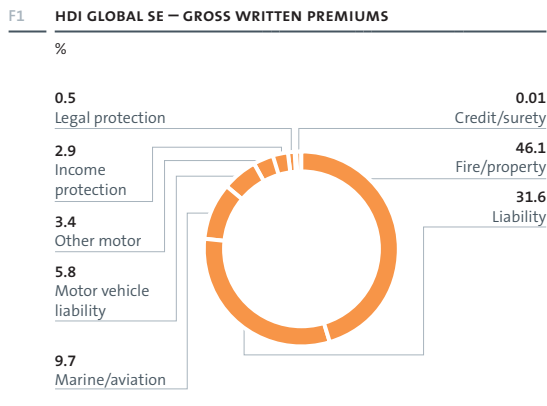
[Group Annual Report](#)

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 number including casual workers is 21,649.

INDUSTRIAL LINES DIVISION

The Industrial Lines Division is active throughout the world. It is as independent of third parties as possible and is therefore in a position to lead international consortia, acting through its own companies. Customers in Germany and abroad are broken down by size into multinationals (revenue in excess of EUR 1 billion); industry (“mid-market”) companies (revenue of between EUR 50 million and EUR 1 billion) and SMES (revenue of more than EUR 5 million but less than EUR 50 million).

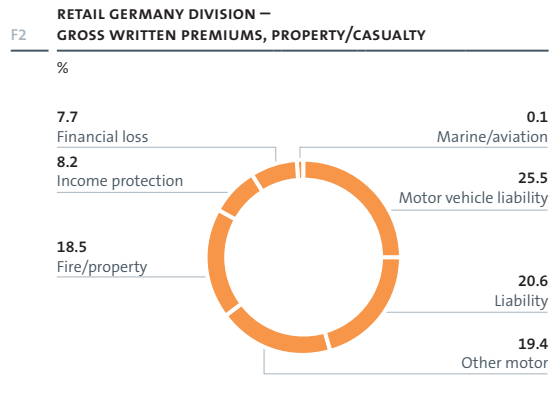
Gross written premiums in the Industrial Lines Division totalled EUR 4,266 (4,295) million in 2016. Of this figure, 39% (40%) was attributable to Germany, 36% (36%) to the rest of Europe and 25% (24%) to the rest of the world. HDI Global SE accounted for roughly 94% of gross premiums, or EUR 3,999 (3,980) million. Figure 1 shows the breakdown by line.



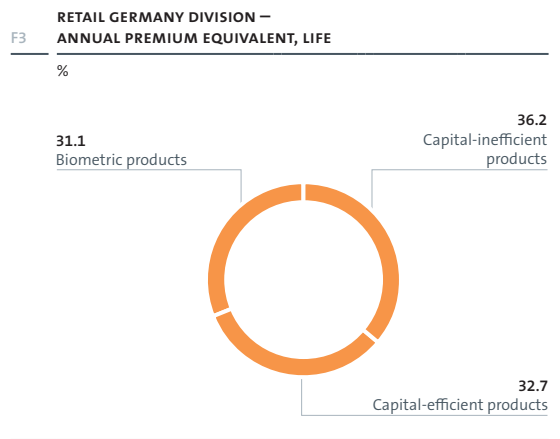
RETAIL GERMANY DIVISION

The Retail Germany Division comprises those companies offering insurance to private individuals, small and medium-sized enterprises with revenue of less than EUR 5 million and self-employed professionals in Germany. Key ways of doing business here are partnerships, broker sales, tied agents and bancassurance. Bancassurance involves over-the-counter sales of insurance products at partner banks, which provide access to their wide range of sales channels.

Gross written premiums in the Retail Germany Division amounted to EUR 6,286 (6,667) million in 2016, with 76% (78%) of this figure being attributable to life insurance and 24% (22%) to the property/casualty line (see Figure 2).



New life insurance business is measured using the annual premium equivalent (APE). The APE comprises the regular life insurance premiums and 10% of the single premiums from single premium policies. The resulting APE for the Retail Germany Division amounted to EUR 417 million. Figure 3 shows the breakdown of the APE by product.¹⁾



¹⁾ Capital-inefficient products are classic life insurance or annuity insurance policies with a guaranteed interest rate that is fixed for the entire term of the policy. In the case of capital-efficient products, the premiums paid are guaranteed at a maximum; surpluses accumulated during the term of the policy increase the policyholder’s account balance. Biometric products are insurance policies that do not include any savings elements; the payment obligation for such policies is triggered, for example, by death, the need for long-term care, or occupational disability.

RETAIL INTERNATIONAL DIVISION

The Retail International Division now has a presence in 13 countries. It focuses primarily on the strategic core markets of Latin America – including the growth states of Brazil, Mexico, Chile and Peru – plus Central and Eastern Europe (including Poland and Turkey). Bancassurance is an established sales channel in Poland, Hungary, Russia and Italy.

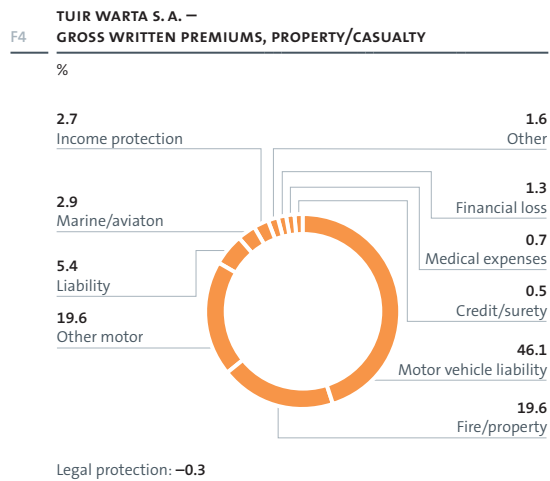
Gross written premiums in the Retail International Division amounted to a total of EUR 4,918 (4,643) million in 2016, with 66% (70%) being attributable to the property/casualty line and 34% (30%) to life insurance. Table 2 shows the breakdown by main risk takers.

T2 RETAIL INTERNATIONAL – MAIN RISK TAKERS

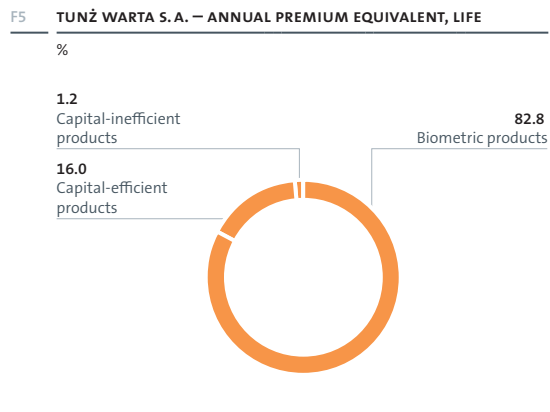
%	Share of gross written premiums	
	2016	2015
Property/casualty insurance		
TUiR WARTA S.A., Poland	19.1	18.4
HDI Seguros S.A., Brazil	16.4	19.0
HDI Assicurazioni S.p.A., Italy	7.2	7.5
HDI Seguros S.A., Chile	6.3	5.5
HDI Seguros S.A. de C.V., Mexico	5.4	5.7
HDI Sigorta A.Ş., Turkey	5.3	5.0
TU Europa S.A., Poland	1.4	3.3
Life insurance		
HDI Assicurazioni S.p.A., Italy	13.4	10.6
TU Europa Życie, Poland	4.9	4.2
TUnŻ WARTA Życie S.A., Poland	3.4	8.0
Open Life, Poland	0.3	0.4
Other	17.0	12.4
Total	100.0	100.0

WARTA GROUP

The WARTA Group comprises TUiR WARTA S.A. (property/casualty) and TUnŻ WARTA S.A. (life). Taken together, the companies' gross written premiums amounted to approximately EUR 1,104 (1,225) million in 2016, of which approximately EUR 937 (854) million was attributable to TUiR WARTA, see also Figure 4.



As with the Retail Germany Division, the new business written by TUnŻ WARTA (life) is measured using the APE. It amounted to approximately EUR 33 million in 2016. Figure 5 shows the breakdown of the APE by product.



HDI ASSICURAZIONI

The figures for HDI Assicurazioni and CBA Vita are given in the following. Together, the two companies account for approximately 99% of Group premiums. Gross written premiums for HDI Assicurazioni amounted to a total of EUR 1,012 (837) million in 2016, with 65% (59%) being attributable to life insurance and 35% (41%) to the property/casualty line. Figure 6 shows the breakdown of gross premiums for HDI Assicurazioni.

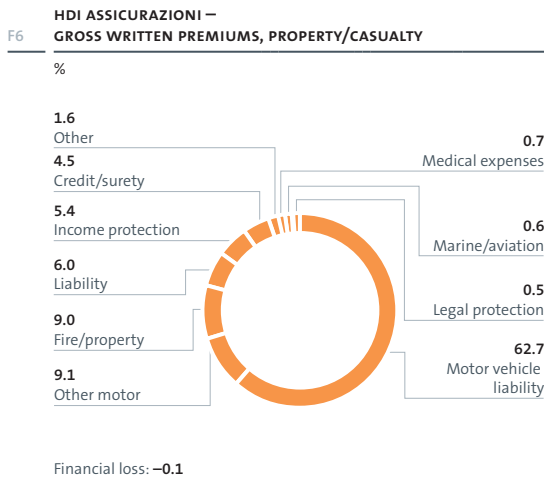
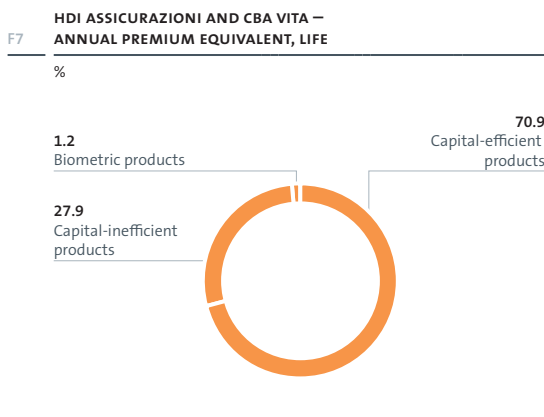


Figure 7 shows the breakdown of the combined APE for HDI Assicurazioni and CBA Vita. The combined APE amounted to approximately EUR 93 million.



www.warta.pl

G4-12

CORPORATE OPERATIONS

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

BRANDS

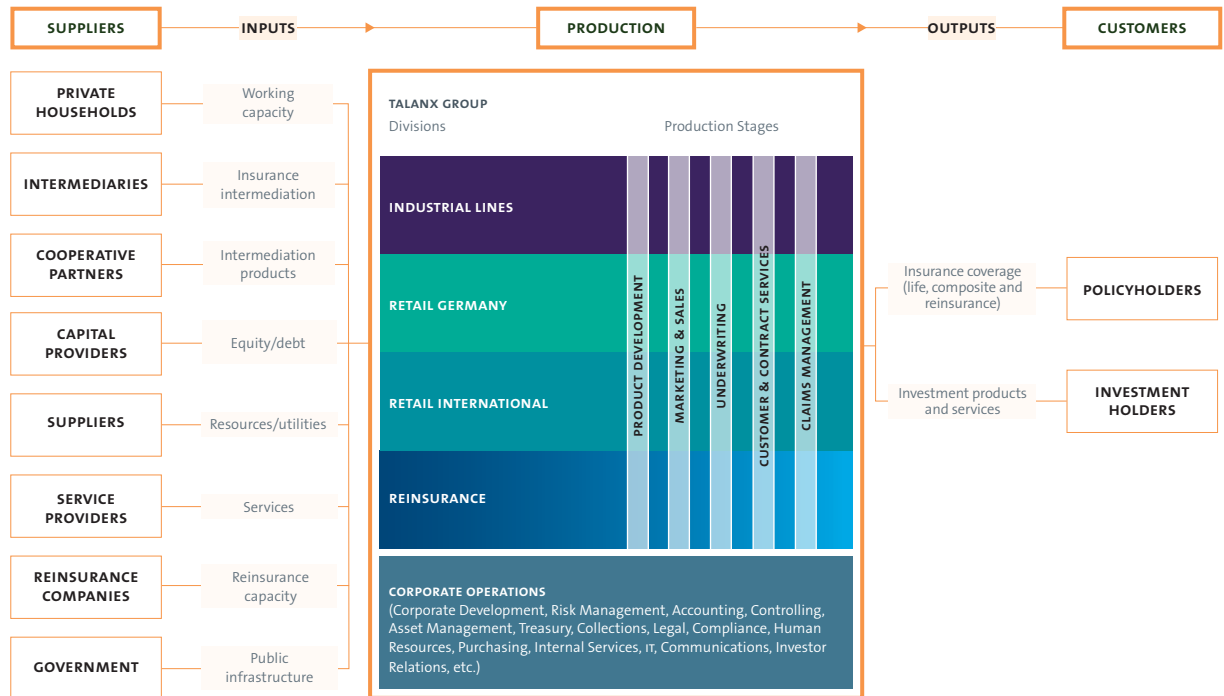
In addition to Talanx, the Group's key brands include the traditional brand HDI. This is used by companies in the industrial insurance and retail businesses both in Germany and abroad (e.g. HDI Seguros and HDI Sigorta). Other brands that should be mentioned include Hannover Re and E+S Rück, Ampega, TARGO 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.

As one of the largest insurance groups in Poland, the WARTA Group offers motor, property, and personal and life insurance products, such as term life and endowment insurance. By combining products and services from several different companies, WARTA is able to offer its retail and commercial customers a particularly wide range of tailor-made products (see www.warta.pl the company's website).

VALUE CHAIN

Figure 8 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.



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 clients contribute to the production process, for example because policyholders have to provide information or are involved in claims processing.¹⁾

The different **Production stages** 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. Hannover Re 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 and 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 section entitled “Aspects identified”](#), where it is used to distinguish between individual Aspects (page 16ff.).

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

2 SUSTAINABILITY STRATEGY AND SUSTAINABILITY GOVERNANCE

For us, sustainability means recognising the limits to what Planet Earth and the people living on it can take. The Talanx Group is confronted with the social and ecological challenges of our time, and especially climate change and demographic change, every day. For example, they impact the labour market and our business in a wide variety of ways. By integrating ecological and social issues with our corporate management and corporate governance, we help preserve the planet as a place worth living in, both for ourselves and for future generations. This report describes the concrete contribution that we make as an insurer.

SUSTAINABILITY STRATEGY

Our sustainability strategy comprises action areas, goals and targets, and measures. It is aimed at aligning our business activities with environmental and social challenges. For this reason, we derived our sustainability strategy from the Group's overarching strategy and have aligned it with our mission statement and its values. In addition, our sustainability strategy and sustainability management activities are based on our stakeholder requirements and interests. We define stakeholder groups as groups of people who have demands on/an interest in the Talanx Group,

and who can affect its performance or who are affected by its actions.¹⁾ Our customers, investors and employees are particularly important in this context.

For further information on our stakeholder survey and on how Talanx's material sustainability Aspects are determined, see the chapter entitled "Dialogue and Reporting" on page 15ff.

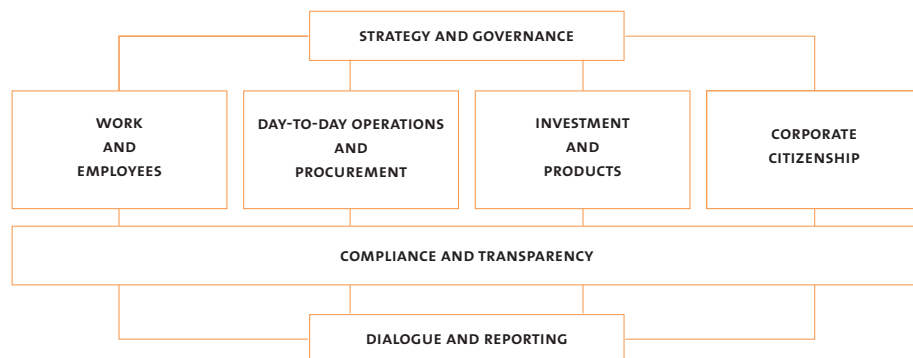
INTRODUCTION

The Talanx Group is incorporating ecological, social and governance aspects into its business activities. As an international insurance group and a long-term investor, we are committed to responsible corporate governance based on sustainable value creation. Equally, our customers generally enter into long-term relationships with us. We therefore take a forward-looking approach so as to ensure that we can deliver on the promises we make to our customers in the future, too.

ACTION AREAS

In addition to the higher-level areas of "Strategy and Governance" (page 10ff.) and "Dialogue and Reporting" (page 15ff.), the Talanx Group's sustainability strategy focuses on five other action areas that are shown in Figure 9.

F9 THE TALANX GROUP'S SUSTAINABILITY STRATEGY – ACTION AREAS



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

COMPLIANCE AND TRANSPARENCY

The Compliance and Transparency action area is an interdisciplinary function covering adherence to statutory and legal 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 and tax compliance, for example. The Talanx Group wishes to be transparent about these and other aspects.

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.

WORK AND EMPLOYEES

The Work and Employees action area reflects our desire to take the interests of our 22,000 or so employees worldwide 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.

INVESTMENT AND PRODUCTS

Within the Talanx Group, our investments and insurance products are the main areas in which sustainability aspects have to be taken into account in our business activities. Given the leverage that we can achieve with our business, this offers considerable potential for contributing to sustainable development. For this reason, we are aiming in the long term to take sustainability criteria into account in investments, insurance products and services. Aspects such as transparency, easy-to-understand information and fair advice play an important role here.

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. The Group intends to build on these activities to develop a corporate citizenship strategy that will be used to align our social commitment.

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 3 provides an overview of the current goals for the relevant action areas and their status.

The next review and revision of our sustainability strategy is expected to take place in 2017, and new goals and measures will be adopted then as necessary. In future, the baseline year/comparative year for our goals will normally be the 2015 reporting period, the year in which we first published a sustainability report.

T3 THE TALANX GROUP'S SUSTAINABILITY GOALS¹⁾

Goal	Measure	Scope	Deadline	Status
Strategy and Governance				
Strategic goal: develop and implement a sustainability strategy and governance structure				
Establish a sustainability strategy, including action areas and concrete goals	Establish a sustainability strategy, including action areas		2014	Done
	Publish a commitment to sustainability by the Board of Management		2016	Done
	Develop and publish goals		2016	Done
	Successively implement sustainability strategy in our core markets		Ongoing	In process
Establish sustainability governance	Formally declare responsibility of Talanx AG's full Board of Management		2014	Done
Dialogue and Reporting				
Strategic goal: establish sustainability reporting and stakeholder dialogue				
Prepare a sustainability report in accordance with the Global Reporting Initiative (GRI) Guidelines	Prepare an internal trial report (for 2014/2015) as an intermediate step		2015	Done
	Publish suitable information from the trial report on the Talanx website		2016	Done
	Publish the first sustainability report (for 2015) for the Talanx Group in Germany and the WARTA Group in Poland		2016	Done
	Extend reporting to companies in the target regions		Ongoing	In process
Perform stakeholder dialogue and materiality analysis	Conduct initial survey of stakeholders, identify material Aspects and include them in reporting (it is planned to repeat the procedure after approximately three years)		2014	Done
Compliance and Transparency				
Strategic goal: transparency, incorporate sustainability criteria into compliance guidelines				
Review compliance guidelines for sustainability criteria and incorporate where necessary	Analyse/review existing guidelines (Code of Conduct, etc.) for sustainability criteria		2017	In process
Day-to-day Operations and Procurement				
Strategic goal: sustainability-driven procurement and day-to-day operations, reduce CO ₂ emissions				
Take sustainability into account in procurement	Develop and successively implement a uniform Group Code of Conduct for suppliers	Germany	2017	In process
	Increase offering of environmentally friendly office materials and consumables (with ecolabels) (target: 40%) and add information drawing attention to environmentally friendly products to the procurement portal	Germany	2017	In process
	Regularly review potential for cooperation with primarily domestic/local suppliers at major locations if this demonstrably promotes sustainability	Germany	2017	In process

T3 THE TALANX GROUP'S SUSTAINABILITY GOALS¹⁾

Goal	Measure	Scope	Deadline	Status
Reduce CO ₂ emissions and consumption of energy and resources	Climate-neutral printing of all financial reports and use of FSC certified paper	Germany	2016	Done
	Increase environmental friendliness of stationery and envelopes	Germany	2017	In process
	Successively migrate to renewable energies	Germany	2018 onwards	In preparation
	Investigate switch to climate-neutral postal/mail delivery	Germany	2016	Done
	Optimise energy consumption by adjusting timer programs, using efficient LED lighting in all buildings that Talanx owns, and making greater use of occupancy detectors in offices	Germany	Ongoing	In process
	Install an additional videoconferencing facility in order to reduce business travel	Germany, Hilden	2016	Done
	Step up internal communication on cutting energy and paper consumption in the workplace	Germany	2017	In planning
	Port travel expense claims processing to a web-based application in order to reduce paper consumption	WARTA Group	2016	In process
	Systematically replace old equipment by next-generation versions, e.g. energy-efficient, environmentally friendly refrigerators and air conditioning units	WARTA Group	2017	In process
	Install tap aerators at WARTA's facilities in order to cut water usage	WARTA Group	2017	In process
	Use new, recyclable paper towels in washrooms	Germany, Hannover	2016	Done
	Increase use of eco-friendly cleaning agents and optimise cleaning intervals	Germany	2016	Done
	Draw up environmentally friendly rules for company cars and their use	Set upper limit for CO ₂ bonus for company cars at 125g/km (the original goal was to cut this to 130 g/km)	Germany	2017
Completely replace the vehicle fleet with vehicles that comply with the Euro 5 or Euro 6 standard		WARTA Group	2017	In process
Driving training for company car users in order to promote economical driving and hence reduce fuel consumption, among other things		WARTA Group	2017	Pilot launched

Work and Employees

Strategic goal: transparency, incorporate sustainability criteria into human resources work

Review human resources guidelines for sustainability criteria and incorporate them where necessary	Analyse/review existing guidelines for sustainability criteria	Germany	2017	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

Investment and Products

Strategic goal: include sustainability criteria in investments, insurance products and services

Examine sustainability criteria when selecting investments	Develop a procedure for Group-wide ESG screening of investments		2016	In process
Increase investments in infrastructure	Expand volume of investments in infrastructure to approximately EUR 2 billion		2017	In process

Corporate Citizenship

Strategic goal: develop and implement a strategy for social and local commitment

Establish Group-wide corporate citizenship guidelines/strategy	Survey activities within the Talanx Group		2016	In preparation
	Analyse additional potential (Group-wide) commitments, research/select potential strategic partners		2016	In preparation



¹⁾ Unless otherwise stated, the goals given in the "Strategy and Governance", "Dialogue and Reporting", "Compliance and Transparency", "Investment and Products" and "Corporate Citizenship" action areas apply to the Group as a whole (not including the Hannover Re Group). The "Day-to-Day Operations and Procurement" and "Work and Employees" action areas are determined on a regional basis; at present they apply to Germany and the WARTA Group in Poland.

SUSTAINABILITY GOVERNANCE

¹  G4-34 | G4-36 |
G4-42 | G4-48

²  G4-15

 [www.talanx.com/
nachhaltigkeit?
sc_lang=en](http://www.talanx.com/nachhaltigkeit?sc_lang=en)

¹  Talanx's sustainability management is designed at the Group level and is being rolled out successively across its core markets. The full Board of Management of Talanx AG **owns** the topic of sustainability. 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 measures to be implemented. The importance of sustainability for the Group's senior 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.

Because of the Group's decentralised organisational structure, most sustainability measures are **implemented** at the various divisions and Corporate Operations in the context 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 relevant companies and Corporate Operations, and Talanx AG departments. We share information and coordinate actions with our subsidiary Hannover Re, which has established its own sustainability strategy and publishes its own sustainability report.

²  The Talanx Group and the Group companies are involved in various sustainability, corporate social responsibility (CSR) and good governance **initiatives**. In addition to the German Corporate Governance Code and the Code of "Best Practice of GPW Listed Companies" in Poland (Warsaw Stock Exchange), these include the Code of Conduct drawn up by the German Insurance Association (GDV) (this relates to the Retail Germany Division). Talanx has also been a member of the Hannover Climate Alliance 2020 since 2007, as well as signing up to the Diversity Charter in 2013 and joining the Global Insurance Chief Compliance Officers (CCO) Forum in 2015. In the reporting period, Talanx also joined the Fair Company Initiative, see  DMA "Recruitment, Education and Training" (page 40ff.).

In addition, the WARTA Group complies among other things with the Principles of Corporate Governance issued by the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego, KNF).

3

DIALOGUE AND REPORTING

MATERIALITY ANALYSIS

¹ In keeping with the reporting guidelines set out in the Global Reporting Initiative (GRI G4), our Sustainability Report is based on a materiality analysis that reflects the assessments made by relevant stakeholder groups and by Talanx. We obtain these assessments firstly by surveying stakeholders and secondly by asking the representatives on the sustainability competence team for their opinions.

This approach aims to identify the sustainability topics and challenges that are material for the Talanx Group and that we therefore comment on in this report. In accordance with the GRI Guidelines, we define as “material” those Aspects that reflect the Group’s key economic, environmental and social impacts and that influence our stakeholders’ opinions and decisions. Material Aspects are used both as input for producing the Sustainability Report and as a key component in developing and enhancing our sustainability strategy and goals.

IDENTIFICATION OF TOPICS

As provided for in the GRI Guidelines, the first step in defining the report content was to draw up a comprehensive list of sustainability topics eligible for inclusion in Talanx’s sustainability strategy and Sustainability Report. This list was compiled using a broad range of sources, including

- initiatives such as the United Nations Global Compact (UNGC) with its Ten Principles on human rights, labour, the environment and anti-corruption
- information requirements for environmental, social and governance (ESG) ratings
- reporting guidelines such as those drawn up by the Global Reporting Initiative (including its additional sector-specific disclosures) and the German Sustainability Code
- specialist literature, the latest research results and studies

The different topics were assessed by the Group-wide 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 during the development of the questionnaire that Talanx used for the stakeholder survey.

STAKEHOLDER SURVEY AND PRIORITISATION OF TOPICS

The stakeholder groups to be surveyed were defined in advance. Since Talanx conducted its first sustainability survey in 2014, a key issue was to capture as **many different stakeholder perspectives** as possible and to obtain a balanced mix of opinions.

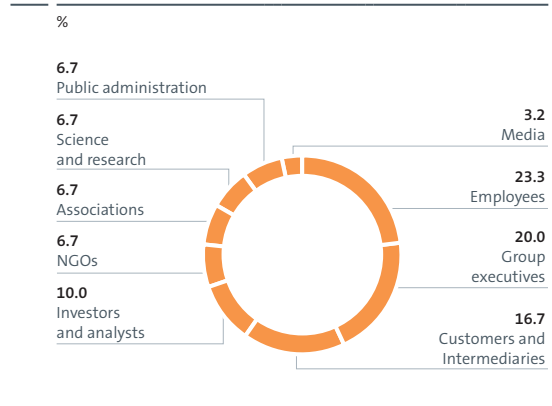
Groups surveyed included non-governmental organisations (NGOs), political and media representatives, industry association representatives and academics. In addition, some **key stakeholder** groups are especially important to the Talanx Group and are explicitly mentioned in Talanx’s strategy. These include our customers, business partners, investors and employees. Particular weight was given to their assessments during the materiality analysis in that these stakeholder groups represented a slightly higher proportion of the survey sample. Representatives of foreign stakeholder groups were also involved in order to take the Group’s international reach into account. The telephone survey was conducted in autumn 2014. Figure 10 gives a breakdown of the 30 survey participants.

We plan to conduct another stakeholder survey in the coming year.

¹ G4-18 | G4-24 | G4-25 | G4-26 | G4-27
www.globalreporting.org/information/g4

www.talanx.com/konzern/konzernstrategie?sc_lang=en

F10 STAKEHOLDER SURVEY PARTICIPANTS



The next step was to ask the members of the sustainability competence team to also assess the topics surveyed. The **material** Aspects and content in accordance with the GRI Guidelines were identified by combining the assessments provided by our stakeholders and our competence team. In addition, the opinions of our key stakeholder groups were a decisive criterion in prioritising the topics. We also report on topics that these stakeholder groups consider to be particularly important.

The highest governing body, the Board of Management, was involved in the process of identifying material Aspects. For example, the Board confirmed the topics' relevance and agreed the procedure for the stakeholder dialogue. Likewise, it discussed and validated the results of the materiality analysis with the goal of deriving action areas and goals for Talanx's sustainability strategy from it.

PRINCIPLES FOR DEFINING REPORT CONTENT

We conducted the materiality analysis in accordance with the Principles for Defining Report Content set out in the GRI Guidelines.

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

Materiality: In line with the GRI Guidelines, the report covers those Aspects that

- reflect Talanx's significant economic, environmental and social impacts, or
- substantively influence our stakeholders' assessments and decisions.

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. In addition, we 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 Aspects and additional Aspects on [page 17ff.](#)

Completeness: Our report aims to cover all aspects that are relevant to Talanx as an insurance group. To ensure this is the case, we verified the priorities after they had been set by comparing them again with the sources used to identify the topics 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.

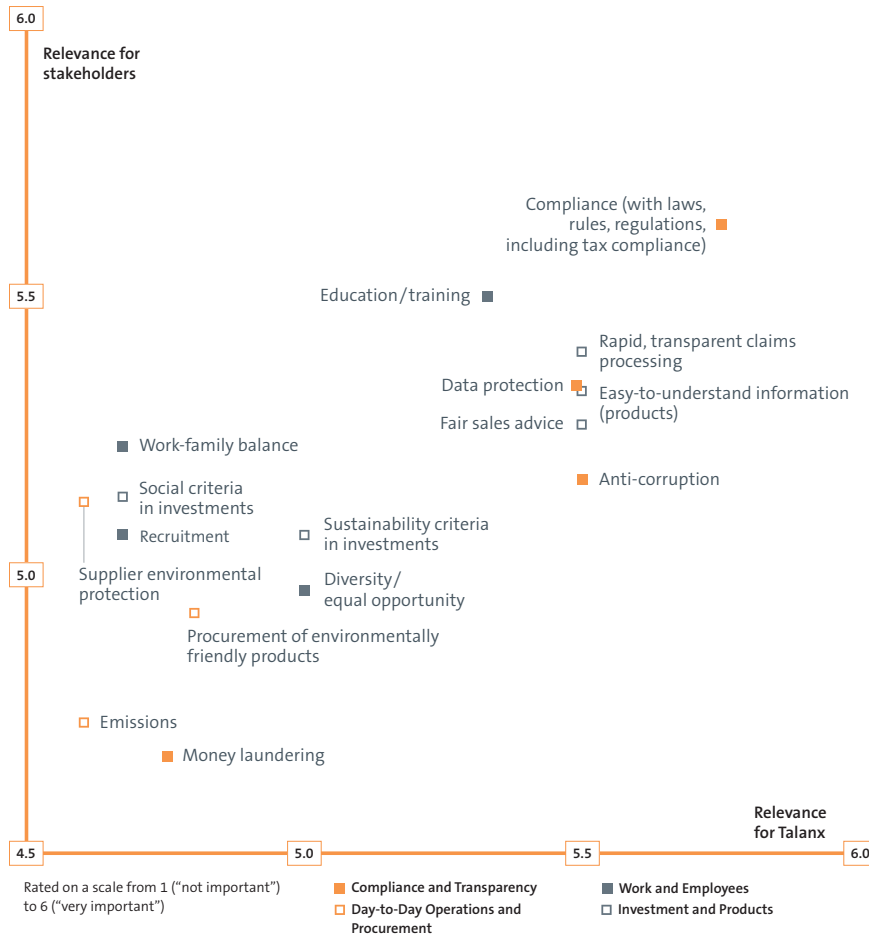
Stakeholder Inclusiveness: The report identifies those stakeholders that play a role for Talanx and the topics that are important to them, and reports on the latter as far as possible. In addition to our direct stakeholder survey, we took stakeholder interests into account by using studies, initiatives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

ASPECTS IDENTIFIED

The aspects included in this report can be broken down into material Aspects and additional Aspects.

MATERIAL ASPECTS

Our stakeholders and the sustainability competence team rated how relevant they considered the individual sustainability topics to be for Talanx on a scale from 1 ("not important") to 6 ("very important"). This makes it possible to compare the results using a materiality matrix. Figure 11 shows all the topics that received an aggregate rating of 4.5 or more from the stakeholders surveyed and the competence team (4.5 falls between "relatively important" and "very important").



The materiality matrix shows that our stakeholders and the competence team see many topics in a similar light. For example, both groups award compliance in the narrower sense the highest rating. This is followed by a number of product-related Aspects that have a bearing on customer interests, as well as the topics of education and training, and anti-corruption. Next come personnel-related topics, such as work-family balance and diversity. Other sustainability Aspects rated as material include investment screening for sustainability criteria and environmental Aspects in the areas of procurement and day-to-day operations, followed by anti-money laundering. A total of 16 topics are rated as material (x and y axis values of between 4.5 and 6).

ADDITIONAL ASPECTS

Another focus is on those topics that are considered relevant by our key stakeholders. We have included these topics in the Sustainability Report as well in order to take into account the information needs of all relevant stakeholders. Table 4 shows which topics are especially relevant for which stakeholder groups.

OVERVIEW OF MATERIAL ASPECTS AND ADDITIONAL ASPECTS

¹ Table 4 provides an overview of all material Aspects (identified by an orange square ■) and additional Aspects that we report on. In addition, it shows the boundaries of the Aspects within and outside the Talanx Group, i.e. the point in the value chain (page 8f.), and the players, for which particular topics have an impact. Within the Group, these are primarily divisions and functions, while outside the Group they are primarily players who have business relationships with the Talanx Group and who are affected by a particular topic, such as customers or suppliers.

¹ G4-19 | G4-20 | G4-21 | G4-27

Table 4 also refers to the Disclosures on Management Approach (DMA) for the Aspects and GRI indicators. We combined the DMA recommended by the GRI to produce ten DMA unique to the Talanx Group, see also the GRI Content Index (page 67ff.).

T4 OVERVIEW OF MATERIAL ASPECTS AND ADDITIONAL ASPECTS

DMA; material Aspects and additional Aspects	Especially important for			GRI Indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
Compliance and Transparency				G4-16 G4-34 G4-38 G4-39 G4-40 G4-41 G4-51 G4-56		
DMA – Compliance in the Narrower Sense						
■ Compliance in the narrower sense (with laws, rules and regulations, including tax compliance)	X	X	X	EN29 LA16 SO7 SO8 SO11	Entire Group	Customers, business partners, suppliers
DMA – Anti-corruption and Anti-money Laundering						
■ Anti-corruption	X	X	X	SO3 SO4 SO5	Entire Group	Customers, business partners, suppliers
■ Anti-money laundering	X	X	X		Entire Group	Customers, business partners, suppliers
DMA – Data Protection						
■ Data protection	X	X	X	PR8	Entire Group	Esp. customers, plus business partners and suppliers
Day-to-Day Operations and Procurement				EN31		
DMA – Day-to-Day Operations and Procurement						
■ Emissions	X	X	X	EN15 EN16 EN17 EN18 EN19 EN30	Esp. Purchasing, Internal Services, entire Group	Suppliers
Energy consumption	X	X	X	EN3 EN5 EN6	Esp. Purchasing, Internal Services, entire Group	Suppliers
Materials used	X	X	X	EN1 EN2	Esp. Purchasing, Internal Services, entire Group	Suppliers (of operating materials)
Water consumption	X		X	EN8	Internal Services, entire Group	Suppliers (of operating materials)
Waste	X		X	EN22 EN23	Esp. Purchasing, Internal Services, entire Group	Suppliers
■ Supplier environmental protection	X		X		Esp. Purchasing	Suppliers
■ Procurement of environmentally friendly products	X	X	X	EN32 EN33	Esp. Purchasing	Suppliers (of operating materials)
Supplier labour practices	X		X		Esp. Purchasing	Suppliers
Observance of human rights by suppliers	X		X	LA14 LA15 HR4 HR5 HR6 HR10 HR11 SO9 SO10	Esp. Purchasing	Suppliers
Procurement of socially acceptable products	X		X		Esp. Purchasing	Suppliers (of operating materials)
Regional sourcing	X		X	EC9	Esp. Purchasing	Suppliers, local area/region
Work and Employees				G4-10 G4-11 LA2		
DMA – Recruitment, Education and Training						
■ Education and training	X	X	X	LA9 LA10 LA11	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners
■ Recruitment and access to talent	X	X	X	EC5 EC6 LA1	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners
DMA – Diversity and Family Friendliness						
■ Diversity and equal opportunity	X	X	X	LA12 LA13 HR3	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
■ Work-family balance	X	X	X	LA3	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
DMA – Occupational Health and Safety						
Occupational health and safety	X		X	LA6 LA7	Entire Group, Internal Services, employees	—

T4 OVERVIEW OF MATERIAL ASPECTS AND ADDITIONAL ASPECTS

DMA; material Aspects and additional Aspects	Especially important for			GRI Indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
Investment and Products				G4-14 G4-45 G4-47 EC2 EC8 FS6		
DMA – Sustainability of Investments						
■ Consideration of sustainability criteria in investments	X	X	X	FS11	Asset Management/ Investment	Capital market participants
■ Consideration of social criteria in investments	X		X			Capital market participants
Consideration of environmental criteria in investments	X		X			Capital market participants
Exclusion of controversial sectors	X					Securities issuers
Infrastructure investments	X		X	EC7	Asset Management/ Investment	Countries/regions in which investments are made, infrastructure users
Exercise of shareholder rights by Talanx (active ownership)		X		FS10	Asset Management/ Investment	Securities issuers
DMA – Sustainability of Insurance Products						
■ Easy-to-understand information about insurance solutions	X	X	X	PR3 PR4 PR5 PR6 PR7 PR9	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
■ Rapid, transparent claims processing	X	X	X		All divisions (esp. customer and contract service, claims management)	Customers, intermediaries
Support for environmentally friendly products/projects/technologies	X		X	FS7 FS8	All divisions	Customers, environment as a whole
Support for a healthy lifestyle	X	X	X		Retail	Customers
Incorporation of social interests			X		All divisions	Customers, society as a whole
Industry policyholders' compliance with human rights	X		X		Industrial Lines; to some extent Retail	Customers
Access to insurance market for all population groups	X	X		FS13	All divisions	(Disadvantaged) regions/population groups
Corporate Citizenship						
DMA – Corporate Citizenship						
Employee Volunteering	X		X	EC1	Entire Group, including Human Resources, employees	Charitable initiatives/ organisations, local area
Support for charitable projects	X		X		Entire Group	Charitable initiatives/ organisations, society as a whole
Local commitment	X		X		Entire Group, including Human Resources	Local society/community

4 COMPLIANCE AND TRANSPARENCY

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](#) and its Articles of Association, as well as the [Group Annual Report](#). The following sections provide specific references to the individual topics.

www.talanx.com/investor-relations/corporate-governance?sc_lang=en

www.talanx.com/investor-relations/presentations-and-events/disclosure/2017?sc_lang=en

¹  G4-34

³  G4-41

⁴  G4-51

¹ DUTIES AND POWERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

BOARD OF MANAGEMENT

- Corporate Governance Principles, chapter IV "Cooperation between the Board of Management and the Supervisory Board"
- Articles of Association of Talanx AG, chapter III "Board of Management"

SUPERVISORY BOARD

- Corporate Governance Principles, chapter VI "Supervisory Board"
- Articles of Association of Talanx AG, chapter IV "Supervisory Board"

COMMITTEES

- Corporate Governance Principles, chapter VI "Supervisory Board"
- "Supervisory Board" section of the Corporate Governance Report on page 70f. of the Group Annual Report 2016 and "Supervisory Board Committees" on page 10ff.

² NOMINATION AND SELECTION PROCESSES FOR THE HIGHEST GOVERNANCE BODY

BOARD OF MANAGEMENT

- Corporate Governance Principles, chapter VI "Supervisory Board"

- Articles of Association, chapter III "Board of Management"
- "Supervisory Board" section of the Corporate Governance Report in the Group Annual Report 2016, page 70f.
- Section of the Corporate Governance Report entitled "Target numbers 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 2016, page 68

SUPERVISORY BOARD

- Corporate Governance Principles, chapter VI "Supervisory Board"
- Articles of Association, chapter IV "Supervisory Board"
- "Supervisory Board" section of the Corporate Governance Report in the Group Annual Report 2016, page 70f.

TENURE ON THE GOVERNANCE BODY

- Corporate Governance Principles, chapter VI "Supervisory Board"
- Articles of Association of Talanx AG, chapter IV "Supervisory Board"

³ AVOIDANCE OF CONFLICTS OF INTERESTS

- Corporate Governance Principles, chapter V "Board of Management" and chapter VI "Supervisory Board"

⁴ 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, chapter V "Board of Management" and chapter VI "Supervisory Board"
- "Remuneration of the Board of Management" section of the Remuneration Report in the Group Annual Report 2016, page 74ff.



SUPERVISORY BOARD



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



- Corporate Governance Principles, chapter VI "Supervisory Board"
- "Remuneration of the Supervisory Board" section of the Remuneration Report in the Group Annual Report 2016, page 86ff.



²  G4-38 | G4-40

CURRENT COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD


As at 31 December 2016, the **Board of Management** of Talanx AG had six members. Herbert K Haas has been the Board's Chairman since 2006 (see also the "Board of Management" section  on page 8 of the Group Annual Report 2016 and the  Talanx website).

The **Supervisory Board** had 12 male and four female members as at 31 December 2016. Three of the female Supervisory Board members are employee representatives and one is a shareholder representative. Wolf-Dieter Baumgartl has been the Chairman of the Supervisory Board since 2006 (see also the "Supervisory Board" chapter on page 9 of the  Group Annual Report 2016 and the  website).

Information on the members of the **committees** can be found in the "Supervisory Board Committees" section on page 10 of the  Group Annual Report 2016 and the  website. The website also has information on the 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 67ff. of the Group Annual Report 2016 and the  Declaration of Conformity with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act [AktG]).

THE TALANX GROUP – MEMBERSHIPS

 Talanx and Talanx Group companies, including the WARTA Group and HDI Assicurazioni, are members of regional and national interest groups and associations. The following list shows selected key memberships.

INSURANCE INDUSTRY ASSOCIATIONS AND GROUPS

- aba Arbeitsgemeinschaft für betriebliche Altersversorgung e.V.
- 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)
- European Insurance CFO (Chief Financial Officers) Forum
- Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV)
- Global Insurance Chief Compliance Officers (CCO) Forum
- International Union of Aerospace Insurers (UIAI)
- International Union of Marine Insurance (IUMI)
- Pharma-Rückversicherungsgemeinschaft
- Polish Insurance Association (PIU)
- Polish Insurance Guarantee Fund (UFG)
- Polish Motor Insurers' Bureau (PBUK)
- The Geneva Association
- The Italian National Association of Insurance Companies (ANIA)
- Verkehrsofopferhilfe e.V. (VOH)
- Versicherungsombudsmann e.V.

BUSINESS AND COMMERCIAL ASSOCIATIONS


- Arab-German Chamber of Commerce and Industry e.V. (Ghorfa)
- Deutscher Verkehrssicherheitsrat e.V. (DVR)
- German-Polish Chamber of Industry and Commerce
- German Business Association (Vietnam)
- Industrie- und Handelskammer Hannover (IHK)
- Industrie-Club Hannover e.V.
- Institut der Norddeutschen Wirtschaft e.V. (INW)
- Polish Association of Car Dealers (Związek Dealerów Samochodów)
- Polish Business Club (Polski Klub Biznesu)

SUPPORT AND SPONSORSHIPS

- 1. FC Köln
- Carrera Cup Italia (together with Porsche)
- Deutscher Verein für Versicherungswissenschaft e.V. (DVfVW)
- Hannover 96
- Internationale Schule Hannover Region GmbH
- Kompetenzzentrum Versicherungswissenschaften (KVW)
- Partner Club of Poznań University of Economics, Poland
- Stifterverband für die deutsche Wissenschaft e.V.
- Roma Tre University (Università degli Studi Roma Tre)
- Verein zur Förderung der Versicherungswissenschaft an der Universität Hannover e.V.

 G4-38 | G4-39

 www.talanx.com/investor-relations/presentations-and-events/disclosure/2017?sc_lang=en

 www.talanx.com/konzern/management/vorstand?sc_lang=en

 Group Annual Report

 www.talanx.com/konzern/management/aufsichtsrat/mitglieder.aspx?sc_lang=en

 Group Annual Report

 www.talanx.com/konzern/management/ausschusse?sc_lang=en

 Group Annual Report

 www.talanx.com/investor-relations/corporate-governance/entsprecherklaerung/2017.aspx?sc_lang=en

 G4-16


SPECIALIST/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


Like the German Group companies, the WARTA Group and HDI Assicurazioni are also active members of local organisations and associations at their places of business.

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR


 G4-56

 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, with our business partners, our investors and with the general public. Our employees' behaviour is based on the principles of fair, polite dealings and on respect for individuals' personal rights.

 hdi-museum.talanx.com/hdi-museum?sc_lang=en

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 (see above) every year. An annual declaration is also issued on the corporate governance rules under the Code of Best Practice of GPW Listed Companies (Poland). In addition, Talanx AG's internal  Corporate Governance Principles are regularly revised.


 www.talanx.com/investor-relations/corporate-governance?sc_lang=en

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

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



 www.talanx.com/karriere/talanx-als-arbeitgeber/unternehmenskultur?sc_lang=en


 Sustainability goal

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. One example is our 360° feedback process for executives (see  DMA – Recruitment, Education and Training on [page 40ff.](#)).


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. A total of 48 nominations from all around the world were received. A jury made up of the heads of all the divisions selected the best ones, with the "Our Values" project from HDI Seguros s. A., Mexico, being named the first winner of the new Talanx Values Award. The project offered a compelling list of activities ranging from a dedicated Talanx Values run to individual board members each taking responsibility for one of the four values.

Our  **HDI Museum** at HDI-Platz 1 in Hannover also demonstrates the importance of our Talanx Values, as well as what we have in common. Opened in the year 2016, 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 museum's name comes from HDI V. a. G., the original nucleus of the Talanx Group. The goal behind it is to document our corporate history and make it accessible for our employees, business partners and guests. At the same time, we want to underscore the Group's unique points and help increase employees' positive sense of connection with it. We are convinced that engaging with our own past helps us understand the future better.

The key principles and rules for all Talanx Group employees are set out in the Code of Conduct (see  DMA "Compliance in the Narrower Sense" in the next section ([page 23f.](#)) as well as the section entitled  "Sustainability of Insurance Products" ([page 57ff.](#)) for information on the GDV's Code of Conduct for Insurance Distribution.

Talanx has also set itself the goal of  reviewing its compliance-related rules and guidelines in 2017 with the aim of analysing whether and how these could sensibly be extended to include additional sustainability criteria.

COMPLIANCE IN THE NARROWER SENSE (WITH LAWS, REGULATIONS AND GUIDELINES)


1  **Materiality:** “Compliance” can be defined as the totality of all substantive and organisational measures taken to ensure that Talanx companies, the members of their governing bodies and employees conform to all legal and ethical requirements and internal Company guidelines in the Company’s key areas and day-to-day operations. For the Talanx Group, it goes without saying that complying with the law is a prerequisite for sustained business success. This includes environmental laws and regulations as well as those covering anti-corruption, anti-money laundering, data protection and tax compliance, for example.

Compliance is a significant Aspect for the Talanx Group, because legally correct, responsible and ethical conduct is a fundamental prerequisite for the trust placed in our Company and for its competitiveness. In addition, lawful conduct prevents the economic and social damage that could be caused by tax offences or anti-competitive behaviour, for example.

Aspect 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/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 governance. This enhances transparency within the Group and improves comparability with competitors.

Measures and guidelines: The Talanx Group’s **Code of Conduct** sets out the key principles and rules applicable to employees at all levels of the Group, including the members of its executive management.

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 under their contracts of employment or service. The Code of Conduct **applies throughout the Group** and is available in a number of languages. At the same time, the fact that the Code of Conduct is published on the  website makes the importance of lawful conduct within the Talanx Group transparent for the Company’s customers, suppliers and business partners, as well as for other interested stakeholders.

The Code of Conduct is supplemented by a set of more concrete **Compliance Guidelines** and other information and explanatory documents, which are available on the intranet. The Compliance Guidelines provide detailed guidance on the content of the principles set out in the Code of Conduct. In addition, new Group Tax/Tax Compliance Guidelines were issued in the reporting period.

A **whistle-blower system** can be used to report certain significant breaches of the law. It can be accessed from anywhere in the world via the Talanx website and is currently available both in German and in other languages that are commonly used within the Group. The 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 supervisory and tax law provisions). Additionally, employees can report suspected breaches of the law or guidelines to their line manager or directly to the compliance officers for the Talanx Group or the division concerned.

The Talanx Group is a founding member of the  CCO Forum, which was established in 2015 and is composed of the chief compliance officers of international insurance companies. In addition to identifying common positions, the work of the Forum offers an opportunity to identify trends in the regulatory environment for compliance at an early stage, and to respond to them appropriately.

1  G4-DMA

 www.talanx.com/investor-relations/corporate-governance?sc_lang=en

 globalccoforum.org

 G4-EN29

The Talanx Group's **training** events and programmes offer employees regular opportunities to refresh, broaden and deepen their knowledge of and expertise in selected compliance topics. New employees receive regular training as part of their induction process. In addition, regular classroom-based courses and web-based training are provided on relevant compliance topics. Each training event discusses case studies, which are usually tailored to the specific target group. Participants also have the opportunity to put specific questions to the presenters; answers are given either immediately or after the event, if they require further research. A special tool also allows participants to take part interactively.

 G4-LA16



 G4-SO11


Responsibilities: The Talanx Group's **Compliance organisation** consists of the Chief Compliance Officer, who is also the Corporate Governance Officer and an authorised representative of Talanx AG, and additional compliance officers who are responsible for the individual divisions and Group companies. The Compliance department is responsible for establishing and updating Group guidelines and structures designed to ensure compliance within the Group, for following up on complaints and compliance breaches, for organising internal training and for questions relating to corporate governance. In addition, detailed advice is provided on relevant compliance issues where necessary.


 G4-DMA


Results and evaluation: Adherence to compliance requirements is verified by the Compliance function and during internal audits. The applicable compliance rules and regulations are regularly reviewed for content and revised where necessary. In addition, the Group takes stakeholder interests and requirements in relation to compliance and transparency into account, firstly by engaging in dialogue with stakeholders on sustainability issues and secondly by adhering to the GRI guidelines and taking part in ESG rating processes.

 G4-SO7 | G4-SO8


 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 2016. Likewise, there are no known significant cases of anti-competitive behaviour, or of anti-trust or monopoly practices. The same applies to the WARTA Group and HDI Assicurazioni. For information on cases in connection with products, see the  section entitled "Easy-to-understand information about insurance solutions", [page 59ff.](#)

 Talanx is not aware of any fines or sanctions for non-compliance with environmental protection laws or regulations; this also applies to the WARTA Group and HDI Assicurazioni.

 In Germany, we are not aware of any grievances about labour practices last year. The same applies to HDI Assicurazioni. As at 31 December 2016, there were a total of 6 (13) labour law cases pending against the WARTA Group. In Poland, former employees generally have the right to have their court fees waived if they bring a case for wrongful dismissal in a Polish labour court. This is therefore not an uncommon means of obtaining a higher severance payment, for example.

 There were no known grievances about impacts on society in the Retail Germany Division or the Industrial Lines Division in Germany in 2016. Similarly, the WARTA Group and HDI Assicurazioni are not aware of any such grievances.

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING


 **Measures and guidelines:** The material Aspects of anti-corruption and anti-money laundering are essential parts of compliance management at Talanx. The Code of Conduct contains concrete rules covering this area. It makes clear, for example, that bribery and corruption will not be tolerated. In addition, it specifically highlights the ban on money laundering and illegal financing and draws attention to the fact that the Anti-money Laundering Officer and the relevant compliance officer must be informed of all suspected cases. Moreover, specific rules of conduct have been drawn up covering, among other things, the avoidance and disclosure of conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; stakes in other companies and participations in transactions. As a listed company, Talanx also emphasises the importance of complying with insider trading rules.

The organisation's corruption **risk assessments** start by determining the potential extent of the loss/damage. This is done by determining the sanction and liability risk that can be derived from the legal requirements. In a second step, the number of breaches per year is estimated. The process distinguishes between a best-case scenario, a most probable scenario and a worst-case scenario. Potential loss scenarios are then developed on the basis of these two steps. Key criteria in this context are the area of activity, responsibility, product relevance and customer contact.

The rules for **gifts** to business partners are set out in a work instruction. In line with this, 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.

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 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 violate 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.

The Code of Conduct also contains rules on **dealing with donations and sponsorships** within the Group. In addition, some divisions have drawn up more detailed guidance on this topic.


¹  **Corruption risk** is regularly assessed in the Group as part of the compliance and internal audit plans. 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, in the case of purchasing and tendering, donations and sponsorships, in relation to remuneration structures, and in connection with sales partners. In 2016, an anti-corruption audit focusing on the acceptance and granting of invitations and gifts was performed at the German divisions and service companies.

Preventing corruption is also a high priority for the WARTA Group. It serves not only to meet the need for corporate management to comply with the legal requirements and the highest possible ethical standards, but also to protect the Group's reputation. In particular, it has established **anti-corruption guidelines** setting out preventive measures and standards for ethical behaviour in the areas of bribery and corruption. In addition, there are instructions for protecting whistle-blowers and on dealing with gifts, donations and sponsorship. The procedures to be followed during investigations and how to inform the authorities are also covered. Mandatory training is supplemented by regular communication on compliance issues such as dealing with gifts. The Code of Conduct and the anti-corruption guidelines apply to all employees of the WARTA Group and its subsidiaries. WARTA Group employees sign a document confirming that they agree to abide by the Code of Conduct. Furthermore, the Compliance department assesses new products and processes for potential corruption risk.

HDI Assicurazioni has created a guide that can be used to identify business areas where criminal conduct (such as corruption) could potentially occur. The company has established organisational and management protocols and, in doing so, has created a specific crime **prevention system** that is integrated with its comprehensive control and risk management system. HDI regularly monitors the suitability of the control system to recognise potentially illegal behaviour and identifies opportunities for improvement. The company also abides by its own **Code of Ethics** with the goal of adding value for its shareholders and meeting stakeholders' expectations while complying with ethical principles. These include fairness, good faith, integrity, moral legitimacy, justice, equality, impartiality, care and attention, transparency, and confidentiality, as well as the protection of individuals, their health and the environment. Among other things, the Code of Ethics sets out rules for dealing with gifts, donations and sponsorship. It also prohibits behaviour that conflicts with legal requirements or corporate values, and HDI does not tolerate any behaviour that breaches the law, since this always runs contrary to HDI's interests. Employees of the HDI Group and the Group's suppliers and intermediaries must sign a document confirming that they comply with the valid version of the Code of Ethics.

¹  G4-503

¹  G4-SO4


¹  The Talanx Group provides **information and training** on anti-corruption policies and procedures in a variety of formats. The annual compliance report informs the Supervisory Board about significant compliance risks and the measures taken to ensure that requirements are met. This also includes preventing corruption.

In 2014 and 2015, a mandatory web-based training course on compliance, which also covers corruption, was rolled out to all Group employees in Germany. Since then, it has been provided automatically to all new employees in Germany when they join the Group. The relevant staff groups were also trained in a number of classroom-based training sessions.


At the WARTA Group, all members of staff are informed of anti-corruption procedures by e-mail, regardless of their employee category or location. Training on the topic is offered via an e-learning platform, and all employees are obliged to complete it.

HDI Assicurazioni also provides all staff with extensive information on anti-corruption issues. Moreover, an e-learning platform provides regular employee training on the content of the guide and the Code of Ethics, which set out standards of behaviour and ensure compliance with the law and anti-corruption procedures.

²  G4-SO5

²  Talanx, the WARTA Group and HDI Assicurazioni are not aware of any confirmed material cases of corruption in the 2016 financial year.

DATA PROTECTION

³  **Materiality:** Insurers and their intragroup service providers collect, process and store large volumes of personal data. The 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. The trust that our customers, shareholders and employees place in data protection and security is therefore a critical factor for the Talanx Group's competitiveness and is decisive for our reputation. Moreover, the Talanx Group has to comply with data subjects' statutory data protection rights (such as the right to access the data) and has implemented appropriate procedures and methods to facilitate this.

Measures and guidelines: In 2016, preparations began to ensure compliance with the provisions of the EU's General Data Protection Regulation within the Group. Gaps in implementation are being identified and the objective is to close them by May 2018. With this, the European data protection framework will supersede the current German legislation on the subject. Statutory additions at national level will also be evaluated and implemented once they have been finally resolved.

The handling of personal data is governed both by the provisions of the **German Federal Data Protection Act (BDSG)** and by the Group's Code of Conduct, which 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 from unauthorised access. 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. In cases of doubt, the designated company data protection officers must be consulted.

Further information on data protection can be found in the **Group Data Protection Guidelines** and work instructions; these apply to the Talanx Group including its subsidiaries and branches in Germany, but not to the reinsurance companies. These documents describe, among other things, customer rights (e.g. the right to access data or to have it deleted).


One **collective measure** taken by the Group's primary insurance companies has been to sign up to the **German Insurance Association's Code of Conduct for Data Protection**. These rules for personal data processing by the German insurance industry were developed by the German Insurance Association (GDV) together with company representatives, data protection agencies and consumer protection bodies. The results were certified as a binding Code of Conduct in 2012. Both the primary insurance companies and pension funds within the Retail Germany Division and HDI Global SE signed up to the Code of Conduct for Data Protection in 2014. As of 31 December 2016, the responsible data protection authorities in the federal states were provided with confirmations that the Code of Conduct for Data Protection had been implemented.

Responsibilities: Group Data Protection and the company data protection officers are primarily responsible for ensuring that the provisions of the BDSG are complied with. The BDSG aims to protect individuals' right to privacy being breached as a result of how their personal data is processed. Each German Talanx Group company appoints a company data protection officer (DPO) in those cases covered by the provisions of section 4f of the BDSG. The DPOs perform the functions assigned to them by law (section 4g of the BDSG) and the Group Data Protection Guidelines; they are not bound by instructions when applying their expertise. Close cooperation and consultation with important interfaces, such as Group Legal, Group Compliance, Group Security and Group Auditing ensures that the requirements of the BDSG can be met. Data protection risks are reported to Group Risk Management.

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 maintained 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 the senior management during the year.

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

Training: The 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 is aimed at all Talanx Group employees in Germany, with the exception of Hannover Re. An internal employee portal is used to offer classroom training, including to the functions on request.

¹  In Germany, there were no material complaints about breaches of data protection requirements in 2016. The materiality threshold used is the point at which a fine would be imposed under the BDSG, damages would be paid to data subjects or a criminal complaint would be filed. Equally, there were no material complaints at the WARTA Group or at HDI Assicurazioni in the same period.


¹  G4-PR8


5

DAY-TO-DAY OPERATIONS AND PROCUREMENT

 G4-DMA


 Sustainability goal

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 roughly 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. Also, social issues in particular are relevant for procurement from a sustainability perspective; examples of these 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.

Aspect Boundary: Within the Talanx Group, sustainability in day-to-day operations and procurement is mainly an issue for Corporate Operations, and especially Purchasing, IT Purchasing and Internal Services. The consumption of materials and energy in particular is significantly influenced by individual employee behaviour. Outside the Group, the issue is especially relevant to suppliers. The impacts of our core activities on the environment are dealt with in the  chapter entitled "Investment and Insurance Products" (page 52ff.).

Impacts: We aim to ensure that our day-to-day operations and procurement activities are focused on sustainability by conserving resources, particularly in relation to energy and water consumption and materials usage. In addition, we can make a significant contribution by integrating sustainability aspects with procurement. Among other things, this includes Talanx sourcing environmentally friendly products, for example, or ensuring that environmental criteria are taken into account, and that employee rights and human rights are observed, in the supply chain. The volume of greenhouse gas emissions can be reduced in particular by ensuring that our employees travel to and from work and make business trips in an environmentally friendly manner. 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.

Measures and guidelines: Talanx has set itself the goal  of developing and successively implementing a uniform Group Code of Conduct for suppliers in 2017 in order to ensure tighter integration of relevant sustainability criteria with the Day-to-day Operations and Procurement action area in the future.

Purchasing of IT hardware, software, telecommunications assets, IT services and IT maintenance contracts is already governed by a set of guidelines, one of whose components is a Code of Conduct for Contractors. This sets out requirements in the areas of human rights and employment rights, health and safety, the environment and ethics.


Since 2015, Talanx has performed an energy audit in accordance with DIN EN 16247 in line with the German Energy Services Act (EDL-G). The audit serves to systematically analyse Talanx's energy usage and consumption as a basis for identifying potential improvements in energy efficiency. It also assesses which measures are financially viable. The first measures being taken include the introduction of meter management at a number of locations and the use of LED lighting at our Hannover site.



Responsibilities: A number of functions belonging at an organisational level to Talanx Service AG or Talanx Systeme AG contribute to ensuring that day-to-day operations and procurement 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.


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**.

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 aspects are taken into account in a large number of areas here.



Human Resources Management organises offerings that allow employees to use local public transport at a reduced rate (group season tickets and job tickets). With these discounts, Talanx contributes significantly to making employees' journeys to work environmentally friendly (see also the  section entitled "Employee travel to and from work" on [page 33f.](#)).

Results and evaluation: The Talanx Group develops the management approach to be taken in the Day-to-day Operations and Procurement action area using the results of the materiality analysis, among other inputs. This takes the opinions of our stakeholders into account. In addition, Talanx has set itself concrete targets for  reducing emissions and energy consumption (see our  sustainability goals on [page 11ff.](#)). We shall review the progress we make towards achieving these objectives and shall expand them to include additional or new targets where this makes sense. Our analysis and reviews also build on ESG rating results.

 We take environmental protection measures relating to different action areas within the sustainability strategy at a number of places within the Group. For example, Talanx supports employees' use of local public transport, we use environmentally friendly office paper in a majority of cases and our companies offer insurance products and advice in the area of renewable energies.

CONSUMPTION¹⁾

ENERGY CONSUMPTION

 A total of approximately 41,660 MWh (megawatt hours) of energy was consumed at the Talanx Group's German locations in 2016, including approximately 24,980 (24,000) MWh of electricity and approximately 16,680 (16,100) MWh of heating energy (primarily district heating, but to a limited extent also natural gas).²⁾ This corresponds to approximately 3.3 MWh of energy consumed per workspace.³⁾ In this context, Talanx has set itself the goal  of successively migrating to renewable energies starting in 2018. In addition, as in the previous year approximately 1.4 million litres of fuel were used for company cars, with approximately two-thirds of this figure being diesel and one-third petrol. According to the information provided by the manufacturers, our company cars use an average of 6.7 litres of petrol or 4.8 litres of diesel per 100 kilometres.

Total energy consumption at the WARTA Group amounted to approximately 13,720 (15,650) MWh, including 8,330 (9,640) MWh of electricity and 5,390 (6,010) MWh of heating energy. This corresponds to approximately 4.2 (4.6) MWh of energy consumed per employee including vocational trainees, etc.⁴⁾ Additionally, approximately 779,000 litres of fuel were consumed, with petrol and diesel each accounting for roughly half of this amount.

HDI Assicurazioni consumed approximately 1,490 MWh of energy – approximately 470 MWh of heating energy and approximately 1,020 MWh of electricity. This results in a relative energy consumption figure of approximately 4.8 MWh per employee.⁵⁾

Taken together, a total of approximately 56,870 MWh of energy was consumed in Germany, at the WARTA Group and at parts of HDI Assicurazioni. This translates to a relative energy consumption figure of approximately 3.5 MWh per workspace/employee.⁶⁾

 G4-EN3

 Sustainability goal

 Sustainability goal

 G4-EN31

¹⁾ With respect to 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, with just under 12,500 physical workspaces) and for last year to our four largest German locations (Hannover, Cologne, Hilden and Hamburg with just under 10,000 physical workspaces). This means that the figures cannot be compared directly. The information provided for the WARTA Group and HDI Assicurazioni (included as of this year) generally relates to the entire group in each case. Any exceptions are flagged.

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 on the basis of the figures for previous years. The prior-year figures relate to our four largest German locations (Hannover, Cologne, Hilden and Hamburg); as a result, the figures are not directly comparable.


³⁾ The number of office workspaces is used as the basis because the buildings also house external workers such as audit firm employees.

⁴⁾ This includes not only the core workforce but also vocational trainees, etc., in order to be able to show the figures in relation to the number of users.



⁵⁾ The figures for HDI Assicurazioni cover roughly 70% of actual energy consumption, since in the case of leased locations this is included in the rental costs and hence cannot be determined. Consequently, only 70% of employees are included in the baseline figure.

⁶⁾ The information for Germany refers to the number of workspaces, while that for the WARTA Group and HDI Assicurazioni refers to employees including vocational trainees, etc.

¹  G4-EN5
²  Sustainability goal

¹  The energy intensity measure used is the ratio of the energy consumed to the space for which consumption is measured. It amounted to between roughly 0.1 and 0.17 MWh/m² in each case for our German locations, the WARTA Group and HDI Assicurazioni.


²  G4-EN6
¹  Sustainability goal

²  Talanx is working systematically towards its goal of ¹  **optimising energy consumption** by, for example, adjusting timer programs, making greater use of occupancy detectors in offices and installing efficient LED lighting in all buildings that Talanx owns.

The main building at our HDI-Platz 1 location in Hannover, which was constructed in 2011, houses almost 2,000 workspaces. The building has energy-efficient operating systems such as a geothermal system, construction elements that comply with the standards for passive houses, regenerative ventilation and district heating capabilities, as well as an extensive central control system to ensure efficient management. In addition, most of the sanitary facilities and kitchenettes in the buildings at the Hannover location are supplied with cold water, something that also has a positive effect on energy requirements. Last year we reduced the energy used for air conditioning by 5% by adjusting timer programs and increasing the temperatures in our data server centres.

The WARTA Group is also taking numerous measures to reduce energy consumption. These include installing LED lighting for outdoor advertising, which is activated by astronomical clocks and twilight switches, outside lighting that switches off automatically after office hours, and replacing electrical and light fittings, which has improved working conditions and fire protection and reduced energy consumption. In 2016, WARTA's main building again received a BREEAM In-Use certificate, which assesses the environmental performance of existing buildings throughout their operational life.


³  G4-EN1 | G4-EN2

The WARTA Group has also set itself the goal ²  where new equipment needs to be purchased in 2017 of systematically replacing the old versions with next-generation ones (e.g. energy-efficient, environmentally friendly refrigerators and air conditioning units).

HDI Assicurazioni has implemented energy-saving measures at a number of locations in recent years. The range of energy conservation measures taken at its main building in Rome included installing LED lighting and timer programs. At another building a monitoring system was installed at the end of 2012 to save energy. Compared with 2012, this led at the two buildings to electricity savings of 20% and 30%, reductions in water usage of 8% and 9%, and heating energy savings of 5% and 24%, as well as reducing greenhouse gas emissions.

The location in Turin's Old Town was renovated in 2010; among other things, the insulation was improved and both a photovoltaic system and a heat recovery plant were installed. The latter produces energy savings of more than 30% compared to conventional systems and reduces CO₂ emissions. Other locations in Italy are also taking measures to save electricity, water and heating energy. Among other things, classic PCs were replaced by thin clients at the end of 2015, cutting energy consumption by roughly 10%.

MATERIALS USED

³  The main way in which the materials used Aspect 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.

In 2016, Talanx employees in Germany consumed a total of approximately 250 metric tons of paper. This means that the relative per capita paper consumption amounts to approximately 0.02 metric tons per workspace.¹⁾ We are continuing to meet our paper requirements in full using paper that has been certified by the Forest Stewardship Council (FSC Mix). This certification shows that paper has been responsibly sourced.²⁾ Moreover, to reduce paper consumption, double-sided printing is the standard printer setting.

WARTA Group employees used around 68 (89) metric tons of printer paper in 2016. This means that the relative per capita paper consumption amounts to approximately 0.02 (0.03) metric tons per employee including vocational trainees, etc.

At HDI Assicurazioni, approximately 11 metric tons of paper were used in the reporting period, corresponding to a relative per capita paper consumption of 0.02 metric tons per employee including vocational trainees, etc.

This results in a notional figure for total paper consumption of roughly 330 metric tons and a relative per capita paper consumption in Germany, at the WARTA Group and at HDI Assicurazioni of approximately 0.02 metric tons per workspace/employee (roughly 4,080 sheets).

In addition, a large number of documents in Germany are printed in our in-house print centre, which serves all our German operating units. The centre used approximately 66 (70) million sheets of paper in 2016, or roughly 330 (350) metric tons. The reduction was achieved by increasing the proportion of double-sided print jobs; the volume of information involved was comparable. The paper used in the print centre is also FSC-certified. The remaining printed paper used is sourced from and processed at various printing companies at the request of the departments concerned.

As a general rule, the Talanx Group and its individual companies also print annual reports, brochures and similar publications on **FSC-certified paper**. In order to make the use of this environmentally friendly paper clearly visible, Talanx started increasing its use of the FSC logo on the publications concerned. In addition,

Talanx has largely used carbon-neutral printing for its publications since 2015; here, too, we consider it important that the publications concerned are clearly labelled. As from 2016,¹⁾ we have generally used **carbon-neutral** printing and FSC-certified paper for all annual reports. Since the middle of the reporting period, the quarterly reports and quarterly statements have been made available solely in electronic form.

Moreover, since August 2015 the Talanx Group's employee magazine, which has a circulation of around 13,000 copies and roughly 80 pages per issue, has been printed on paper that has been awarded the "Blue Angel" eco-label.

In a further move to expand our efforts to use environmentally friendly paper, we have also set ourselves the goal²⁾ of increasing the eco-friendliness of the notepaper and envelopes that we use in 2017.

Last but not least, we intend³⁾ to focus more strongly in our internal communications on the need to reduce energy and paper consumption at work. The goal is to sensitise employees to the contribution that they can make to conserving resources, for example by printing less.

The WARTA Group is currently porting its travel expense claims processing to a web-based application as a⁴⁾ way to reduce paper consumption.

In addition, our employees in Germany used approximately 4,900 (2,470) **toner cartridges** during the reporting period; this corresponds to a relative consumption figure of 0.4 (0.3) cartridges per workspace. As in the previous year, we recycled around 25% of these toner cartridges using toner refills. At HDI Assicurazioni, roughly 170 toner cartridges were used; here, too, this corresponds to approximately 0.4 cartridges per employee.³⁾

As another way of sourcing environmentally friendly materials and resources, Talanx has set itself the goal⁵⁾ of using new, recyclable paper towels in its washrooms in 2017 as well as⁶⁾ of increasing our use of eco-friendly cleaning agents and of further optimising cleaning intervals. We have already achieved both goals.

 Sustainability goal

 Sustainability goal

 Sustainability goal

 Sustainability goal

 Sustainability goal

 Sustainability goal

¹⁾ The prior-year figure has not been given due to a change in the data collection method.

²⁾ According to the FSC, FSC Mix paper is produced using materials from certified forests and/or recycled materials and materials from controlled sources.

³⁾ No information is currently available for the WARTA Group.

WATER CONSUMPTION

¹ G4-EN8

¹ Approximately 79,900 (54,200) m³ of water was used at the Talanx Group's German locations in the reporting period.¹⁾ This corresponds to a relative water consumption figure of approximately 6.4 (5.5) m³ per workspace.

HDI Assicurazioni used roughly 6,350 m³ of water, or around 20.4 m³ per employee.²⁾

Taken together, water consumption for the Talanx Group in Germany and HDI Assicurazioni was approximately 86,250 m³ or 6.7 m³ per workspace/employee.³⁾

¹ Sustainability goal

We have set ourselves the goal ¹ of installing tap aerators at WARTA facilities in order to cut water usage. We expect to be able to reduce consumption by up to 10% as a result.

GREENHOUSE GAS EMISSIONS AND WASTE

BUSINESS TRAVEL AND TRAVEL TO AND FROM WORK

¹ G4-EN30

¹ BUSINESS TRAVEL⁴⁾

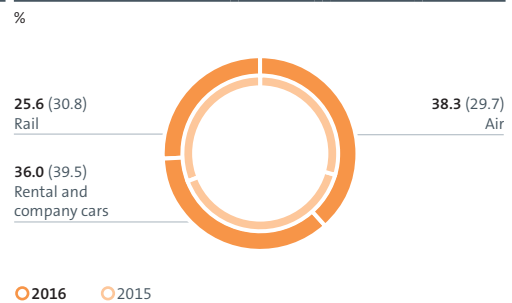
The Talanx Group and the companies belonging to it primarily offer insurance and financial services. As a result, the environmental impact of transport is primarily relevant for us with respect to employee transport, i.e. in relation to business travel, company cars and employee travel to and from work.

All in all, the employees of the Talanx Group in Germany with the exception of the Hannover Re Group travelled approximately 46.4 (38.7) million kilometres by air, rail, company car (including private travel) and rental car in 2016. Consequently, the notional figure per employee is roughly 4,907 (4,008) kilometres.

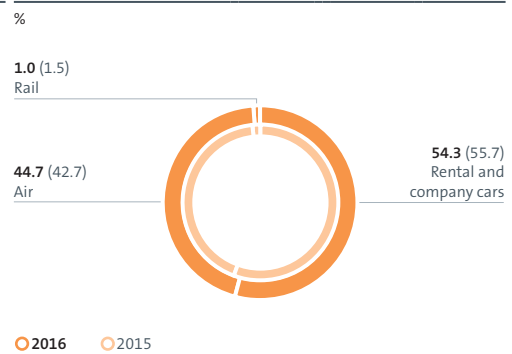
This travel resulted in greenhouse gas emissions of approximately 7,010 (4,706) metric tons of CO₂ equivalents (CO₂e). This corresponds to notional CO₂e emissions of approximately 0.7 (0.5) metric tons per employee from business travel and trips in company cars.

Figures 12 and 13 show the kilometres travelled and the greenhouse gas emissions for the air, rail and rental/company car categories. The proportion accounted for by air travel increased year on year, due among other things to longer trips being taken.

F12 KILOMETRES FROM BUSINESS TRAVEL BROKEN DOWN BY MEANS OF TRANSPORT



F13 GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL BROKEN DOWN BY MEANS OF TRANSPORT



The greenhouse gas emissions caused by the use of company cars are included in the ¹ Scope 1 emissions (page 34); all other greenhouse gas emissions from business travel are included in the ¹ Scope 3 emissions (page 34f.).

¹⁾ As with energy consumption, consumption here was estimated on the basis of the figures for the previous years, since not all service charge invoices were available by the editorial deadline for this report. In addition, the basis of calculation was expanded for water consumption as well, meaning that the figures are not directly comparable.

²⁾ In the same way as for energy consumption, the figures for HDI Assicurazioni relate to 70% of the locations, since information was not available for all locations. Equally, only 70% of employees are included in the baseline figure.

³⁾ Water consumption at the WARTA Group is normally included in the rental charges for the buildings and is not itemised separately.


⁴⁾ The figures relate to the Talanx Group in Germany with the exception of the Hannover Re Group.


1 REDUCING GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL


Since business travel accounts for a material proportion of our greenhouse gas emissions, we are taking steps to reduce these in a number of areas:



To promote environmentally friendly, low-carbon business travel in Germany, all employees travelling between our numerous German locations receive a BahnCard railcard from Deutsche Bahn on request. In the reporting period, Talanx again provided approximately 1,000 employees with a **BahnCard**.

In addition, since April 2016 we have offered specialists and managers who are entitled to company cars an environmentally friendly alternative – a monthly flat-rate mobility grant or a fully financed first-class BahnCard 100 railcard.


In order to further reduce greenhouse gas emissions by the **vehicle fleet**, a decision was taken during the reporting period to **1**  cut the CO₂ target for new vehicles from 140g/km to 125g/km as from 1 January 2017. This means we have exceeded our original goal of a reduction to 130 g/km. Additionally, e-cars (hybrid or electric vehicles) can be selected as company cars so as to ensure that our vehicle fleet is as environmentally friendly as possible. We are also examining other ways of leveraging e-mobility.

Moreover, Talanx **2**  installed a further videoconferencing facility at its Hilden location in 2016, adding to the numerous other locations where this technology is already used, in order to **reduce business travel**.

More generally in connection with transportation, **3**  we are currently reviewing whether we can switch to carbon-neutral postal/mail delivery in future.

The WARTA Group is also taking a number of measures to reduce greenhouse gas emissions. For example, it has set itself the goal **4**  of replacing vehicles in its fleet that are up for renewal in 2017 by vehicles that comply with the Euro 5 or Euro 6 standard. In addition, a pilot project offering **5**  driving training for company car users was launched in 2016 with the goal of promoting economical driving and hence reducing fuel consumption, among other things.

HDI Assicurazioni has adopted guidelines to mitigate the environmental impact of business travel. For example, field force employees such as appraisers and claims adjusters use company cars that produce as few greenhouse gas emissions as possible (93–95g/km). Trains are the preferred means of transport for long-distance national trips, permitting a considerable reduction in CO₂ emissions in comparison to aircraft. In the case of business trips within cities, HDI's guidelines prescribe the use of local public transport; only in exceptional cases in which the target destination cannot be reached in this way may a taxi or the employee's own car be used. In addition, HDI Assicurazioni has installed a videoconferencing facility that is used for national and as far as possible also international meetings.

The **1**  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.

2 EMPLOYEE TRAVEL TO AND FROM WORK

Worldwide, roughly 22,000 employees travel to and from work on a daily basis using passenger cars, (local and long-distance) trains, local public transport and bicycles, among other things.

To encourage environmentally friendly travel to work, we offer our employees at various locations in Germany special deals for **using local public transport**; specifically, they can purchase group season tickets in Hannover and job tickets in Cologne, Hilden and Hamburg.

In Hannover, 1,139 employees – around 34% of eligible employees there – had signed up for the group season ticket as at 31 December 2016. A Group works agreement for our Cologne location specifies that one job ticket is normally purchased for each core staff member; as at 31 December 2016, this amounted to a total of 2,125 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 67%. At neue leben Versicherungen AG's location in Hamburg, a total of 206 employees (roughly 60%) used the HVV ProfiCard – the job ticket offered by Hamburg's public transport association – as at December 2016. At our Hilden location, 53 people (roughly 9% of employees) had a JobTicket as at the end of the year. In some cases, employees who use the ticket also receive a travel allowance from their employer.

1  G4-EN19

2  G4-EN30

1  Sustainability goal

2  Sustainability goal


3  Sustainability goal

4  Sustainability goal

5  Sustainability goal

In 2016, Talanx fielded teams for both the Cologne and Hannover events in the national CITY CYCLING competition, in which the kilometres cycled between home and work, for example, are collected over a given period. Taking the two cities together, over 260 employees and their families cycled more than 62,800 kilometres, **saving roughly 8.9 metric tons of CO₂**. In Cologne, the cycle team took first place in terms of the kilometres clocked up and the size of the team. The Talanx team in Hannover had already competed in the 2015 event, coming first in the “most active cycling team” category by collecting the most kilometres cycled. The prize money was invested in measures designed to increase cycle-friendliness within the Talanx Group. Since the summer of 2016, employees have been able to borrow bicycles and cargobikes to travel between the Group’s sites in Hannover. In addition, a toolbox containing the equipment needed to perform minor repairs is available at our Hannover location.

 G4-EN16


 www.hannover.de/Leben-in-der-Region-Hannover/Umwelt/Klimaschutz-Energie/Akteure-und-Netzwerke/Klima-Allianz-Hannover/Aktuelles/Klima-Allianz-2020 (German)

As a member of the  Hannover Climate Alliance 2020, Talanx supports the climate protection target of reducing greenhouse gas emissions within the municipal region by 40% compared with 1990 levels in the period up to 2020.

GREENHOUSE GAS EMISSIONS BY SCOPE ¹

¹ SCOPE 1 EMISSIONS

In Germany we use district heating in almost all cases. A small amount of natural gas was used in 2016, resulting in roughly 560 metric tons of CO₂ equivalents (CO₂e).

The fuel used in company cars and the vehicle fleet led to approximately 3,650 (2,430) metric tons of CO₂e being produced (including the private use of company cars).²⁾ This increase is due on the one hand to the expansion of the data collected and on the other to increased business travel (see also the  section entitled “Business travel” on page 32). Average CO₂e emissions for the entire vehicle fleet in Germany were roughly 132 (136) g/km in 2016, a slight decrease year on year.³⁾

 G4-EN15 | G4-EN15 FS

 G4-EN17 | G4-EN17 FS

Based on heating oil consumption at the WARTA Group’s locations, we estimate its Scope 1 emissions to be approximately 1,090 metric tons of CO₂e.⁴⁾ CO₂ equivalent emissions from the fuel used in company cars amounted to approximately 510 (520) metric tons in the reporting period.

Roughly 90 metric tons of CO₂e were generated at HDI Assicurazioni as a result of natural gas consumption. Average CO₂ emissions for the vehicle fleet were roughly 92g/km.

Taken together, Germany, the WARTA Group and HDI Assicurazioni generated Scope 1 emissions of roughly 5,900 metric tons of CO₂e.

² SCOPE 2 EMISSIONS

Our Scope 2 emissions in Germany comprise emissions from purchased electricity and purchased heating energy. In 2016, these resulted in approximately 13,370 (12,020) metric tons of CO₂e for electricity and approximately 3,620 (4,200) metric tons of CO₂e for heating energy. Added together, the amount is roughly 16,980 (16,220) metric tons of CO₂e.

We estimate that greenhouse gas emissions from the electricity purchased for the WARTA Group amount to approximately 5,000 (5,780) metric tons, and that the figure for HDI Assicurazioni is approximately 330 metric tons of CO₂e.⁵⁾

This results in notional Scope 2 emissions for Germany, the WARTA Group and HDI Assicurazioni together of roughly 22,310 (22,000⁶⁾) metric tons of CO₂e.

³ SCOPE 3 EMISSIONS

Table 5 shows the significant upstream and downstream emissions resulting from our value chain/supply chain:

¹⁾ We calculate consumption figures for Germany on the basis of the information provided by utility companies and service charge invoices. Since the service charge invoices were not available by the editorial deadline, we estimated consumption on the basis of the figures for previous years. The prior-year figures generally relate to our four largest German locations (Hannover, Cologne, Hilden and Hamburg); as a result, the figures are not directly comparable.

²⁾ The current figures relate to all Talanx Group company cars in Germany with the exception of the Hannover Re Group; the prior-year figures relate to roughly 79%.

³⁾ We rely on the CO₂ information provided by the manufacturers when determining greenhouse gas emissions for the vehicle fleet. The average value is calculated on the basis of an evaluation of approximately 82% of the company cars (previous year: 79%).

⁴⁾ The prior-year figure is not given due to a change in the data collection method.

⁵⁾ The figures relate to approximately 70% of energy consumption.

⁶⁾ The prior-year figure was adjusted due to a change in the data collection method.


T5 GREENHOUSE GAS EMISSIONS FROM UPSTREAM AND DOWNSTREAM ACTIVITIES¹⁾

Category	CO ₂ equivalents in metric tons	
	2016	2015
Business travel by air, rail and rental car ²⁾	3,363	2,278 ³⁾
Water consumption	0 ⁴⁾	0 ⁴⁾
Waste disposal	n.a. ⁵⁾	31
Paper consumption	265	n.a. ⁶⁾
Postal/parcel delivery	416	409
Total	4,044	3,570

- ¹⁾ Applies to the Talanx Group in Germany (with the exception of the Hannover Re Group), no information is currently available for the WARTA Group and HDI Assicurazioni.
- ²⁾ We calculated air travel emissions using the conversion factors for greenhouse gas reporting drawn up by the UK's Department for Environment, Food and Rural Affairs (DEFRA), and rail travel emissions using Deutsche Bahn's environmental indicators. For rental cars, we used the information supplied by the service providers, most of whom in turn use the manufacturers' data or, in rare cases, calculate CO₂ emissions on the basis of average values.
- ³⁾ The prior-year figure has been adjusted. The figure given in last year's report represented the greenhouse gas emissions attributable to all business travel (4,706 metric tons); this was then adjusted downwards to deduct the greenhouse gas emissions attributable to trips in company cars, which are included under Scope 1 emissions.
- ⁴⁾ According to the utility companies.
- ⁵⁾ At present, no information can be given in the current year for greenhouse gas emissions associated with waste disposal due to the expansion of the underlying data.
- ⁶⁾ The prior-year figure has not been given due to a change in the data collection method.

The use of rental cars led to average CO₂e emissions of 126 (131) g/km. This figure represents a slight decline compared with the previous year.¹⁾

WASTE AND WASTE WATER

1 In Germany, roughly 79,900 (44,000) m³ of waste water was produced in 2016 (see also the  section on water consumption on page 32).²⁾

2 A total of roughly 1,829 metric tons of waste was produced at Talanx locations in Germany as a whole in 2016.³⁾

¹⁾ We rely on the information provided by the manufacturers or service provider when determining greenhouse gas emissions for rental cars.

²⁾ The prior-year figure related to our four largest German locations (Hannover, Cologne, Hilden and Hamburg). No information about waste water volumes is available for the WARTA Group and HDI Assicurazioni.

³⁾ 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, estimates were produced on the basis of the figures for previous years.

⁴⁾ In addition, it is not possible to determine the volume of waste generated by the WARTA Group because the waste disposal costs are included in the rental charges for the buildings or take the form of a flat fee paid to the municipality.

This is equivalent to approximately 147 kg of waste per workspace. As shown in Table 6, half of the waste was recycled. Kitchen and food waste comprises roughly one-fifth of the waste and was used for energy recovery. The remaining (non-IT) waste is disposed of via a regional waste disposal company and treated at a mechanical-biological treatment plant (partly above-ground landfill, partly energy recovery).

T6 WASTE VOLUMES¹⁾

	Waste in metric tons		%	
	2016	2015	2016	2015
Recycling	928	471	50.8	50.3
Energy recovery (kitchen/food waste)	347	202	18.9	21.6
Composting of natural waste	12	12	0.6	1.3
Other (non-IT) waste	539	252	29.5	26.9
Electronic waste (small and large electronic devices)	1	n.a. ²⁾	0.1	n.a.
Special waste	2	n.a. ²⁾	0.1	n.a.
Total waste	1,829	937	100.0	100.0
Waste per workspace	0.15	0.12	—	—

- ¹⁾ The current figures cannot be compared directly with those for the previous year. The current information covers all workspaces in Germany, whereas in the previous year the data related to approximately 83% of workspaces at our largest German locations (Hannover, Cologne, Hilden and Hamburg).
- ²⁾ This figure was not ascertained in this form last year.

At HDI Assicurazioni, the volume of paper and plastic waste can be determined for the company's Rome locations, and hence for 85% of the space. In 2016, roughly 21.3 metric tons of paper and 3.7 metric tons of plastic waste were disposed of here via recycling companies. No hazardous waste was produced. This corresponds to approximately 0.07 metric tons of paper and plastic waste per employee including vocational trainees, etc.

1  G4-EN22

At the WARTA Group, special waste such as electronics or furniture is sent to recycling companies.⁴⁾


2  G4-EN23

PROCUREMENT AND SUPPLIERS

 unglobalcompact.org

SUPPLIER ENVIRONMENTAL PROTECTION AND ENVIRONMENTALLY FRIENDLY SOURCING


 G4-EN32 | G4-EN33

 Our office operations and the infrastructure that we use to conduct our core business and the associated procurement activities have no significant environmental impacts. The Talanx Group in Germany 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.


 G4-LA14 | G4-LA15
G4-HR4 | G4-HR5
G4-HR6 | G4-HR10
G4-HR11 | G4-SO9
G4-SO10

Nevertheless, we take environmental friendliness and the appropriate certifications into account, for example when selecting the office paper we use. In addition, the canteens at our locations offer organic food in some cases.

 Sustainability goal


In order to be able to incorporate ecological criteria systematically in future when selecting suppliers, Talanx has set itself the goal  of developing and successively implementing a **Code of Conduct for Suppliers** in 2017 that will include compliance with environmental protection as one of its criteria.

 Sustainability goal


In addition, we want to offer our employees  a greater range of environmentally friendly office supplies and consumables with eco-labels in 2017. We have set ourselves a target of 40% for this. We aim to draw attention to these environmentally friendly products on our procurement portal.

 Sustainability goal


The procurement Aspect is considered separately for Purchasing and IT Purchasing. In the case of IT procurement, we 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. The Code covers the human rights of employees, such as a ban on forced and child labour and discrimination, protecting employee health and safety, and environmental protection. It also requires contractors to comply with ethical standards. The Code of Conduct is binding on IT suppliers and contractors.

The WARTA Group requires suppliers taking part in tenders to confirm when submitting their bids that they comply with the principles set out in the  **United Nations Global Compact (UNGC)**. The Ten Principles cover human rights, labour standards, the environment and anti-corruption. All business partners selected by the WARTA Group following tenders have issued such a declaration of compliance. Over and above this, WARTA is not aware that the company has significant actual or potential negative environmental impacts in its supply chain. The same also applies to HDI Assicurazioni.

LABOUR PRACTICES AND RESPECT FOR HUMAN RIGHTS AT SUPPLIERS, AND SOURCING OF SOCIALLY COMPATIBLE PRODUCTS

 A total of 90% of the suppliers Talanx uses for procurement in Germany are located in the country. As such, they are subject to German jurisdiction, and in particular to German employment laws (ArbG). Consequently, Talanx does not perform a separate review 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 above](#)).


 Talanx has set itself the goal of developing and successively implementing a Code of Conduct for Suppliers that goes above and beyond the area of IT procurement and that contains human rights and working conditions, among other things, as criteria.


The WARTA Group adopts the same procedure for working conditions and human rights at suppliers as for environmental protection: potential suppliers have to confirm when submitting their bids that they comply with the Principles of the United Nations Global Compact. All business partners selected via tenders have issued such a declaration of compliance.

The WARTA Group is not aware of any cases in the company's supply chain in which human rights or labour practices or the right to freedom of association and collective bargaining have been violated or put at risk, or where there has been a risk of forced and compulsory labour. There are no indications or expectations of significant negative impacts on society, either. In particular the Polish legal system, like the German one, prohibits child labour. Any violation of this prohibition is an infringement of the law, and companies are obliged to report suspected cases to the competent authorities. No such cases are known within the WARTA Group.

HDI Assicurazioni requires all potential suppliers who take part in bids to confirm that they comply with national labour laws and apply collective agreements.

REGIONAL SOURCING


¹  In Germany, roughly 30% of procurement contracts are awarded to local suppliers and roughly 70% to transregional suppliers. Local and regional suppliers are defined as companies whose offices are in the same town or city or the same federal state. In the area of IT procurement, approximately one quarter of procurement contracts are awarded to local suppliers and roughly three-quarters to transregional suppliers. Local and regional suppliers are defined as companies whose offices are in the same town or city or the same federal state; the data here refer to the four largest locations of Hannover, Cologne, Hilden and Hamburg.


In this connection, we have set ourselves the goal ¹  of regularly reviewing procurement activities at our largest locations to establish whether it is possible to work primarily with domestic or local suppliers, provided that this demonstrably promotes sustainability.


At the WARTA Group, local suppliers account for roughly 99% of purchasing costs. We define "local suppliers" as those who are based in Poland. The same figures apply at HDI Assicurazioni to suppliers in Italy, and in the case of InChiaro Life DAC, Ireland.

MODERN SLAVERY AND HUMAN TRAFFICKING

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 2016 to prevent forms of modern slavery and human trafficking:

As a global player with more than 20,000 employees worldwide, we are aware of our obligations towards our employees and business partners, which result from our size and market position. Consequently, Talanx is committed to respecting human rights worldwide in keeping with the applicable laws, conventions and regulations in this area. Talanx has adopted a range of internal rules and regulations designed to underscore this commitment and make the importance of compliance transparent for our employees and business partners; see the  chapter entitled "Compliance and Transparency" and in particular the sections on the Code of Conduct (page 23) and the whistleblower system (page 23). In addition, we are developing and implementing other initiatives, such as drafting an overarching Code of Conduct for Suppliers and Business Partners (see above).

One key milestone reached in financial year 2016 was the development of a procedure for environmental, social and governance (ESG) screening of investments (see  the chapter entitled "Sustainability of Investments", page 54ff.). As part of this screening process, our investments are examined for compliance with sustainability criteria such as respect for human rights and labour standards, environmental protection and anti-corruption.

"Mutual trust and open communication" are one of the Talanx Values. And employee training is a key way of ensuring a corporate culture that fosters trust and openness. In line with this, both classroom training and webinars are held regularly for employees. Among other things, staff are trained on the Talanx Code of Conduct (see also the  section entitled "Compliance in the Narrower Sense", page 23ff.). In addition, all employees are required to keep abreast of the information made available on the intranet, which also offers help for their daily work.

¹  G4-EC9

¹  Sustainability goal

In focus

DEDICATEDLY ECO-FRIENDLY

HDI Versicherung AG in Austria is helping to conserve the environment and protect endangered species in many different ways

also bears “fruit”. A total of 283 kilos of honey were harvested and given to staff as a gift in 2015, and 186 kilos 2016 – despite the fact that roughly one-third of the honey was left in the hives, in line with organic certification requirements.



For more news, see our [website](#) or [Twitter](#)

INVESTMENT IN GREEN ENERGY

Both ecological and economic aspects were behind the decision to build a photovoltaic facility on the roof of HDI’s Viennese headquarters. Since March 2015, 180 solar panels on the flat roof have been providing additional green energy for the 170 or so workstations at the company’s Edelsinnstrasse premises. As far as possible, the energy generated is used within the building. The photovoltaic facility accounts for up to 20% of the location’s electricity requirements, depending on what month of the year it is. “Our main focus is on ecology and on a sustainable energy supply”, say Günther Weiß and Thomas Lackner, who together make up the company’s board of management.

“Our main focus is on ecology and on a sustainable energy supply”

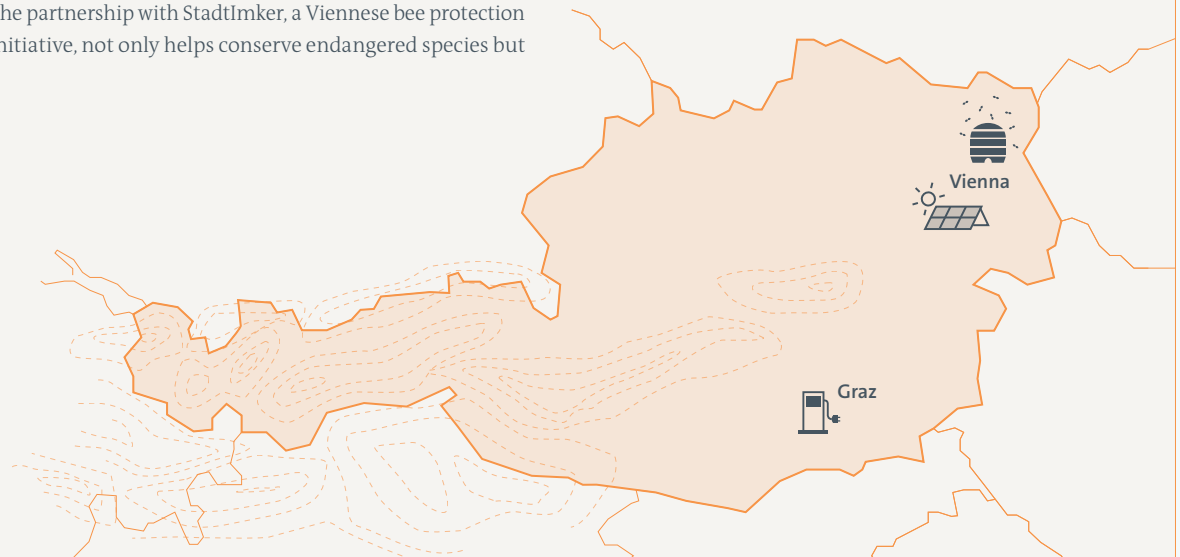
Günther Weiß und Thomas Lackner,
the members of HDI Versicherung Austria’s
Board of Management

PROTECTING HONEYBEES AND WILD BEES

Back in 2014, HDI Austria had already provided 20 square metres of the company car park as a new home for honeybees, wild bees and other insects. More than 100,000 of them found a new home in the car park at the time, including 150 endangered species of wild bee and butterfly. The partnership with StadtImker, a Viennese bee protection initiative, not only helps conserve endangered species but

PROMOTING THE USE OF HYBRID VEHICLES

HDI Austria has also included special incentives to use hybrid vehicles in its company car policy, so as to help ensure a sustainable vehicle fleet. To increase the use of low-carbon vehicles, the total purchase price limit for hybrid vehicles is 11% higher than that for conventional cars. In addition, there is a charging station at the company’s premises in Graz, for example.

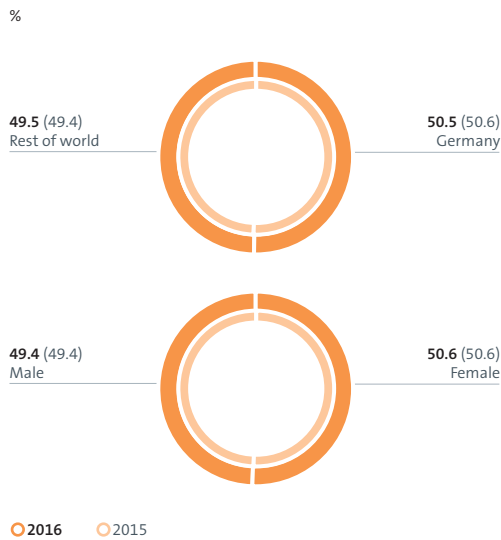


6

WORK AND EMPLOYEES

The Talanx Group employed 21,366 (21,691) people worldwide as at the 2016 year-end, 10,792 (10,972) of whom were in Germany and 10,574 (10,719) in other countries.¹⁾ A total of 10,551 (10,709) employees were male and 10,815 (10,982) were female (see also Figure 14).

F14 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⁾ The breakdown of the Talanx Group's workforce by region is given in Table 7.

T7 WORKFORCE BY REGION AND GENDER

Region	Number	%	Gender in % by region	
			Male	Female
2016				
Germany	10,792	50.5	52.4	47.6
Central and Eastern Europe including Turkey	3,748	17.5	39.9	60.1
South and North America	4,160	19.5	48.9	51.1
Rest of Western Europe	2,060	9.6	50.9	49.1
Other regions	606	2.8	51.7	48.3
Total	21,366	100.0	49.4	50.6
2015				
Germany	10,972	50.6	52.4	47.6
Central and Eastern Europe including Turkey	4,016	18.5	39.8	60.2
South and North America	4,085	18.8	48.4	51.6
Rest of Western Europe	2,026	9.3	52.9	47.1
Other regions	592	2.7	52.4	47.6
Total	21,691	100.0	49.4	50.6

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 GENDER¹⁾

Employees	Number	Male	Female
2016			
Total	18,645	9,281	9,364
Fixed-term	1,061	406	655
Permanent	17,584	8,875	8,709
of whom full-time	15,579	8,655	6,924
of whom part-time	2,005	220	1,785
2015			
Total	18,998	9,431	9,567
Fixed-term	1,046	436	610
Permanent	17,952	8,995	8,957
of whom full-time	15,961	8,763	7,198
of whom part-time	1,991	232	1,759

¹⁾ G4-10

¹⁾ Comprises the Talanx Group excluding the Hannover Re Group; the figures for the current year cover roughly 98.7% of the workforce (previous year roughly 99.4%).

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.


As shown in Table 8, 94.3% (94.5%) of Talanx Group employees have permanent employment contracts. A total of 11.4% (11.1%) of employees with permanent employment contracts 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 with employees and by self-employed **commercial agents** working exclusively for HDI. All in all, 452 (486) commercial agents worked for HDI's tied agent operations at the 2016 year-end. In addition, the Talanx Group had a total of 605 (104) contract workers in Germany. This figure corresponds to less than 6% (1%) of the total number of staff employed in the country.


 G4-DMA

The following sections in this chapter contain detailed information on the workforce at the **Talanx Group in Germany** (excluding the Hannover Re Group), the **WARTA Group** in Poland and **HDI Assicurazioni**.¹⁾


 G4-10

1  There are no significant variations in the number of employees, e.g. for seasonal reasons, in Germany, at the WARTA Group or at HDI Assicurazioni.

 G4-11

2  A total of 91.8% (91.3%) of Talanx Group's employees in Germany 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. All employees at HDI Assicurazioni are covered by collective bargaining agreements. There are no comparable collective bargaining agreements for the WARTA Group in Poland.


 G4-LA2

3  A large number of **voluntary occupational benefits** are available to all employees as a matter of principle. 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

At the WARTA Group, there is no distinction in terms of benefits between full-time and part-time employees, or between permanent and temporary ones. Equally, HDI Assicurazioni does not distinguish between full-time and part-time employees. Some benefits – e.g. preventive healthcare measures, occupational retirement provision, certain insurance benefits (such as accident, long-term care and death benefit insurance) and employee loans – are reserved for permanent employees.

RECRUITMENT, EDUCATION AND TRAINING


4  **Materiality:** The Talanx Group employs approximately 22,000 people in more than 40 countries on five continents around the world. Competent, committed and entrepreneurial staff are a critical success factor for the Group. They use their many and varied talents at the different companies within the Group to drive forward our business success and promote customer satisfaction. Our professional programmes help our employees develop and continuously enhance their skills. In addition, the Talanx Group can only be an attractive employer if it actively addresses developments such as demographic change, the decline in the size of the working population and the changing nature of work. This means that recruitment, education and training are material Aspects for Talanx.

Aspect 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.

Measures and guidelines: The aim of human resources work at the Talanx Group is 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. We expect our employees to display a high degree of professionalism, loyalty, an entrepreneurial mindset and behaviour, flexibility, motivation and mobility. We ensure employability by providing our employees and executives with continuous professional development opportunities and systematically qualifying them for their


¹⁾ Here, too, the definition 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.

current and future tasks through internal and external **training**, by tailoring **induction and development programmes** to specific target groups, and by using **human resources development instruments**.


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** such as occupational retirement provision, capital accumulation benefits, and holiday and Christmas bonuses. All these benefits are reflected in our employees' low turnover rate and their long periods of service with the Group; see also the  section entitled "Recruiting and attracting talent" (page 42f.).

Initial professional training is particularly important for **attracting and retaining new talent**. This can be seen from the consistently high proportion of vocational trainees who are taken on permanently after completing their courses, which has been 80–90% for years. The different companies within the Talanx Group offer a wide range of training options, from classic vocational training through to bachelor's degrees. Since 2005, Talanx has won the InnoWard, the industry training award from the Berufsbildungswerk der Deutschen Versicherungswirtschaft e.V. (BwV – the German Insurance Association for Vocational Education and Training), six times in the "Initial Professional Training" category.


In the reporting period, 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.

Identifying and developing the **next generation of managers and specialists** is another focus of our human resources development work. Our continuous professional development activities enable our employees to rapidly take on new or changed positions. Thanks to this human resources policy, the Group is largely able to fill management and specialist positions from within its own ranks, assuming candidates are equally qualified; see also the  section entitled "Recruiting and attracting talent" (page 42f.).

We offer career-oriented high performers especially **attractive prospects**. For example, we conduct comprehensive personal stocktaking exercises to establish employees' individual strengths and areas for development. Next, we identify suitable development tools and programmes in order to ensure the employees are prepared for their future tasks. Finally, we offer them additional development and coaching measures once they are in their new positions, supporting them and helping them to become established in the best possible way.

360° feedback allows managers to receive structured feedback from a variety of players in their professional environment. The feedback provided covers a number of different aspects of management behaviour and teamwork, most of which are derived from our  Talanx Values (page 22). Input from different angles and comparisons between how participants see themselves and how they are seen by others help managers better understand their individual strengths and the areas that need developing. For the people providing the feedback, the process offers a further way of helping to influence the quality of management and teamwork and to set in train any necessary clarification processes. It also contributes to further enhancing Talanx's corporate culture and implementing the Talanx Values in our day-to-day operations.

We have successfully established the **Talanx Corporate Academy** within the Group as a human resources development tool aimed specifically at top-level management. The Academy, which takes the form of a practically oriented, high-quality programme, provides senior executives in Germany and abroad with information on strategic topics. In this way it helps implement Group strategy, increase management quality and encourage sharing best practices internationally throughout the Group, and hence makes a significant contribution to Talanx's corporate culture. Attendance is also open to Hannover Re's top management. In 2014, the Talanx Corporate Academy won the BwV's InnoWard prize (see above).

Moreover, Talanx has set itself the goal  of reviewing its rules and guidelines in the area of work and employees in 2017. The aim is to analyse whether it would make sense to expand them to include sustainability criteria and, if so, how to do this.

 www.faircompany.de
(German)

 Sustainability goal

Responsibilities: Effective, efficient human resources processes and services are essential in our competition 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 the Board of Management of Talanx Service AG** 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 preparing 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, as well as working together with employee representative bodies. Responsibility generally extends to the Group companies in Germany with the exception of Hannover Re; 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 own employees (see the chapter entitled "Corporate Citizenship", page 66).

RECRUITING AND ATTRACTING TALENT

 G4-LA1

¹ In financial year 2016, the Talanx Group hired 341 (503) new staff in Germany overall. A total of 689 (626) employees left the Company during the same period,

164 (175) of whom retired. The WARTA Group recruited 178 (241) new staff during this period while 308 (392) left, with 14 of these retiring. HDI Assicurazioni recruited 39 new members of staff with 30 leaving the company during the same period (three of whom retired).

Employee turnover for the Talanx Group in Germany amounted to 7.0% (6.5%), while at HDI Assicurazioni it was 6.7%. The relevant figure for the WARTA Group was 12.0% (14.6%). This is due on the one hand to the fact that the labour market in Poland is fundamentally more flexible than in Germany, for example. On the other, it also reflects the tail end of personnel reduction measures that were still ongoing at WARTA.

Table 9 shows a breakdown of these employees by gender and Table 10 shows a breakdown by age, with the figures for Germany, the WARTA Group and HDI Assicurazioni being given separately in each case. In comparison, the section entitled "Diversity and equal opportunities" (page 47f.) gives a breakdown of all employees in Germany and the two foreign companies by gender and age.

T9 NEW HIRES AND DEPARTURES BY GENDER

Gender	New hires		Departures	
	Number	% ¹⁾	Number	% ¹⁾
2016				
Germany				
Male	209	4.1	399	7.6
Female	132	3.0	290	6.3
Total	341	3.6	689	7.0
WARTA Group				
Male	65	6.4	120	11.8
Female	113	7.3	188	12.1
Total	178	6.9	308	12.0
HDI Assicurazioni				
Male	15	5.8	22	8.5
Female	24	12.8	8	4.3
Total	39	8.8	30	6.7
2015				
Germany				
Male	292	5.7	342	6.7
Female	211	4.7	284	6.3
Total	503	5.2	626	6.5
WARTA Group				
Male	97	9.0	137	12.8
Female	144	8.9	255	15.8
Total	241	9.0	392	14.6


¹⁾ Calculated in Germany in 2015 as of the 31 December 2015 reporting date and in 2016 using the average 2016 workforce broken down by gender; calculated at the WARTA Group and at HDI Assicurazioni as of 31 December.

T10 NEW HIRES AND DEPARTURES BY AGE

Age	New hires		Departures	
	Number	% ¹⁾	Number	% ¹⁾
2016				
Germany				
Under 30	131	13.2	151	15.2
30–50	190	3.5	288	5.3
Over 50	20	0.6	250	7.3
Total	341	3.6	689	7.0
WARTA Group				
Under 30	84	21.1	55	13.8
30–50	88	5.1	202	11.6
Over 50	6	1.4	51	11.7
Total	178	6.9	308	12.0
HDI Assicurazioni				
Under 30	14	82.4	6	35.3
30–50	24	9.3	16	6.2
Over 50	1	1.4	8	11.1
Total	39	8.8	30	6.7
2015				
Germany				
Under 30	181	17.7	120	11.7
30–50	267	4.8	242	4.3
Over 50	55	1.8	264	8.6
Total	503	5.2	626	6.5
WARTA Group				
Under 30	125	25.9	88	18.2
30–50	106	6.0 ²⁾	230	13.1
Over 50	10	2.2	74	16.4
Total	241	9.0	392	14.6

¹⁾ Calculated in Germany in 2015 as of the 31 December 2015 reporting date and in 2016 using the average 2016 workforce broken down by gender; calculated at the WARTA Group and at HDI Assicurazioni as of 31 December.

²⁾ The prior-year figure has been amended to correct an error.

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

The proportion of employees in the WARTA Group whose salaries are covered by local minimum wage regulations is not significant. The figure for male employees is approximately 0.5% (0.1%), while that for female employees is approximately 2.6% (0.4%). The Polish minimum wage requirements have changed in recent years; among other things, the minimum wage was increased yet again in the reporting period. This change led to a slight increase in the number of employees covered by the minimum wage regulations; these figures do not take into account the bonus payments that employees receive additionally.

2  Most managers in Germany and at Talanx's locations abroad are **recruited locally**. 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.

The WARTA Group and HDI Assicurazioni normally recruit all executives locally, i.e. in Poland and Italy respectively. The term "executives" refers in both cases to members of the companies' boards of management and executives reporting directly to the boards of management. In addition, HDI Assicurazioni acquired InChiaro Life DAC, a small company domiciled in Ireland, in the reporting period. No employees have been recruited as yet for this company, nor is this planned.

A total of 87 (71) management positions needed to be filled in Germany in the reporting period. Of these open positions, 70 (80.5%) were **filled by internal candidates** during the period; the relevant figure for the previous year was 61 (85.9%).

Three (five) management positions needed to be filled at the WARTA Group in 2016. As in the previous year, an internal candidate was appointed in one case (33.3%; previous year: 20.0%). No management positions were vacant at HDI Assicurazioni during the reporting period.


The average **period of service** for employees in the Talanx Group in Germany was 14.8 (14.5) years as at 31 December 2016. The relevant figure for the WARTA Group was 8.9 (9.2) years, while that for HDI Assicurazioni was 11.9 years.

2  G4-ec6

1  G4-ec5

EDUCATION AND TRAINING


1  G4-LA9

1  In Germany, a total of 18,342 (19,141) 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 2016. 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 total corresponds to roughly two days of CPD per person per annum, as in the previous year. Managers received approximately 2.6 days of CPD and employees in non-managerial positions approximately 1.9 days.¹⁾

On average, WARTA Group employees received approximately 4 (3) hours of training in the reporting period. The average figure for managers was 5 (4) hours, while that for non-managerial staff was 4 (3) hours. Since the proportions of male and female part-time employees in the WARTA Group do not differ as significantly as in Germany, it is possible to make gender-specific statements in this case: both female and male employees received an annual average of approximately 4 (3) hours of CPD.

At HDI Assicurazioni, employees received approximately 11 hours of CPD in the reporting period. Managers received an average of approximately 84 hours of CPD, while non-managerial staff received approximately 9 hours.²⁾

2  G4-LA10

2  Table 9 provides an overview of Talanx’s skills management programmes and tools in Germany.

3  G4-LA11

T11 SKILLS MANAGEMENT AT TALANX

Induction and development programmes

Management Development Programme (MDP) – international¹⁾

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)

Graduate Trainee Programme (Industrial Lines)

Human resources development instruments

Stocktaking exercise

Coaching for specialists and managers

“Betrieb Leben” project workshop

Mentoring programme for women

360° feedback

Management training


Specialist seminars

see  G4-LA9 (above)

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


The WARTA Group has an annual CPD programme for both employees and managers. In addition, WARTA has a voluntary outplacement programme for staff leaving the company.

HDI Assicurazioni plans its CPD offering on an annual basis. Normally a distinction is made between courses offered for managers and courses for employees, although offerings can also be tailored to the needs of specific employee groups if necessary. Outplacement services are also offered to staff who are being let go from the company.

3  Different companies have different forms 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.


¹⁾ It does not seem to make sense to break down the data by gender, as roughly one-third of female employees are part-time workers. As a result, the figures cannot be compared directly.

²⁾ Since there are also significant differences between men and women in part-time employment in Italy, no gender-specific information has been provided.

Talanx's senior executives have annual reviews with their superiors as part of their goal-setting process. The new staff review process is aligned with our  Talanx Values (page 22) and has been used for senior (i.e. generally tier 1 and 2) executives throughout the Group since 2014. In 2016, approximately 95% (96%) of senior executives in Germany took part in a staff review. The bancassurance companies have formal reviews in place at all levels of the corporate hierarchy. The Talanx Group is currently negotiating with the Group Employee Council on introducing a uniform, enterprise-wide staff review process in those areas covered by co-determination legislation as well.

At the WARTA Group and HDI Assicurazioni, all employees receive regular appraisals.

DIVERSITY AND FAMILY FRIENDLINESS

 **Materiality:** There are numerous examples of developments that are changing the nature of work in the Talanx Group. These include a rising number of older employees, their successors in generations Y and Z, the need for greater mobility and an improved work-family balance, increasing globalisation and the associated rise in the proportion of female employees and of people with migrant backgrounds in society.

Our proactive diversity management policy aims 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 diversity in order to maintain and increase our Company's success and competitiveness.


Aspect Boundary: The Aspect of diversity affects each and every employee throughout the Talanx Group. Outside the Group the Aspect 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.

Measures and guidelines: The Group has already taken a large number of steps to identify and promote diversity, to prevent discrimination and to support our employees' development regardless of their origins.

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.

One example of how we promote diversity is our cross-generational mentoring programme for young professionals, which teams up young staff undergoing training 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 aims to 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. A young Spaniard is currently continuing his vocational training as an insurance and finance specialist at Talanx, which he started in 2015. There are a number of reasons why Talanx is taking part in the project: whereas Spain is experiencing above-average youth unemployment, the Company is increasingly noticing a shortage of specialist staff. In addition, we have a wide range of business activities in Spanish-speaking Latin America and would welcome the chance to train more young people to work together with these markets as well in the future. The project, which is being run by the Chamber of Industry and Commerce in Hannover and the charity Caritas, is sponsored by the federal government, among others.

 www.talanx.com/karriere/diversity?sc_lang=en

 www.charta-der-vielfalt.de/en/diversity-charter.html

 www.talanx.com/investor-relations/corporate-governance?sc_lang=en

 G4-DMA

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**. In a scheme designed to improve employees' **work-family balance** that has been in operation since January 2014, Talanx pays up to EUR 100 a month tax-free towards the cost of looking after preschool children in the first year after parents return to work following 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 a home office during their parental leave period. In addition, a parent-and-child office at our Hannover location offers parents with short-term childcare problems a solution that allows them to look after their children and work at the same time.

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, which came into force in Germany on 1 May 2015, requires listed 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 management levels below this, and to report on whether these targets have been met.

The companies affected by the act have now set targets to be reached by an initial deadline of 30 June 2017. Following thorough discussions, the Supervisory Board resolved, taking into account the terms of the current Board of Management mandates and contracts of service, to keep the defined proportion of women on the Board of Management of Talanx AG at zero for the aforementioned period – without any prejudice for other decisions as and

when required. In the event of a new appointment to the Board of Management as and when required that is not foreseeable at present, the Supervisory Board shall give preference to a female candidate in the event of equivalent personal and specialist qualifications. Moreover, in accordance with the above-mentioned act, the Board of Management was obliged to define the proportion of women on the two management levels below the Board of Management at Talanx AG. A quota of 9.1% was defined for the first management level and one of 28.6% for the second management level. In addition, the fixed gender ratio of 30.0% must be complied with in the next elections to the Supervisory Board. See also the [“Declaration on Corporate Governance and Corporate Governance Report”](#) on page 67ff. of the 2016 Group Annual Report.

In addition, in future Talanx aims ¹ to appoint women to at least 25% of vacant management positions at all levels of the corporate hierarchy in Germany.

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 tier 1 managers, 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 men and women. 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 exchanges among female specialists and managers at all levels of the corporate hierarchy.

The WARTA Group's ² goal of continuing to fill at least 35% of management positions with women in future should also be mentioned. The ratios of men and women in management positions at the WARTA Group can already be said to be approximately balanced ([see also the section below](#)).

 www.talanx.com/investor-relations/presentations-and-events/disclosure/2017?sc_lang=en

¹  Sustainability goal

²  Sustainability goal

DIVERSITY AND EQUAL OPPORTUNITY

¹ Table 12 shows the composition of Talanx AG's governing bodies as at 31 December 2016 in terms of the two

diversity categories of gender and age. The breakdown of employees in Germany, in the WARTA Group and at HDI Assicurazioni by gender and age is given in Table 13.

¹ G4-LA12

T12 BREAKDOWN OF TALANX AG'S GOVERNING BODIES BY GENDER AND AGE

	Number	By gender		By age		
		Male in %	Female in %	Under 30 years old in %	30–50 years old in %	Over 50 years old in %
2016						
Board of Management	6	100.0	—	—	16.7	83.3
Supervisory Board	16	75.0	25.0	—	6.3	93.8
2015						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	75.0	25.0	—	12.5	87.5

T13 BREAKDOWN OF EMPLOYEES BY GENDER AND AGE

	Number	By gender		By age		
		Male in %	Female in %	Under 30 years old in %	30–50 years old in %	Over 50 years old in %
2016						
Germany						
Managers	890	81.6	18.4	0.3	59.3	40.3
Employees	8,568	50.2	49.8	11.0	56.5	32.5
Total	9,458	53.2	46.8	10.0	56.8	33.3
WARTA Group						
Board of Management	8	100.0	—	—	75.0	25.0
Managers	264	56.8	43.2	2.7	82.2	15.2
Employees	2,300	37.3	62.7	17.0	65.8	17.1
Total	2,572	39.5	60.5	15.5	67.5	17.0
HDI Assicurazioni						
Board of Management	24	95.8	4.2	—	16.7	83.3
Managers	10	90.0	10.0	—	20.0	80.0
Employees	411	55.0	45.0	4.1	61.3	10.8
Total	445	58.0	42.0	3.8	58.0	16.2
2015						
Germany						
Managers	892	82.5	17.5	0.7	61.2	38.1
Employees	8,759	50.1	49.9	11.6	57.3	31.1
Total	9,651	53.1	46.9	10.6¹⁾	57.7¹⁾	31.7¹⁾
WARTA Group						
Board of Management	8	100.0	—	—	62.5	37.5
Managers	284	54.9	45.1	3.9	81.3	14.8
Employees	2,398	37.9	62.1	19.7	63.4	16.9
Total	2,690	39.9	60.1	18.0	65.3	16.7

¹⁾ The prior-year figure has been amended to correct an error.

² G4-HR3

The average age of employees in Germany was 44.7 years, as in the past, while the figure for the WARTA Group was 39.7 years and that for HDI Assicurazioni was 44.3 years.¹⁾

¹ G4-LA13

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.

³ G4-LA3

The WARTA Group and HDI Assicurazioni also base salaries primarily on the position to be filled and the function to be performed, i.e. on the job involved. The experience and skills of the employees concerned are also taken into account. 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. We are not aware of any cases of discrimination that would have required disciplinary consequences. Similarly, the WARTA Group and HDI Assicurazioni are not aware of any cases of discrimination.

WORK-FAMILY BALANCE

³ The following figures provide information on how many employees took parental leave and returned (Figure 15) and how many employees were still employed by Talanx after returning from parental leave (Figure 16). Prior-year figures, where available, are given in brackets. The return rate and the retention rate are also shown.

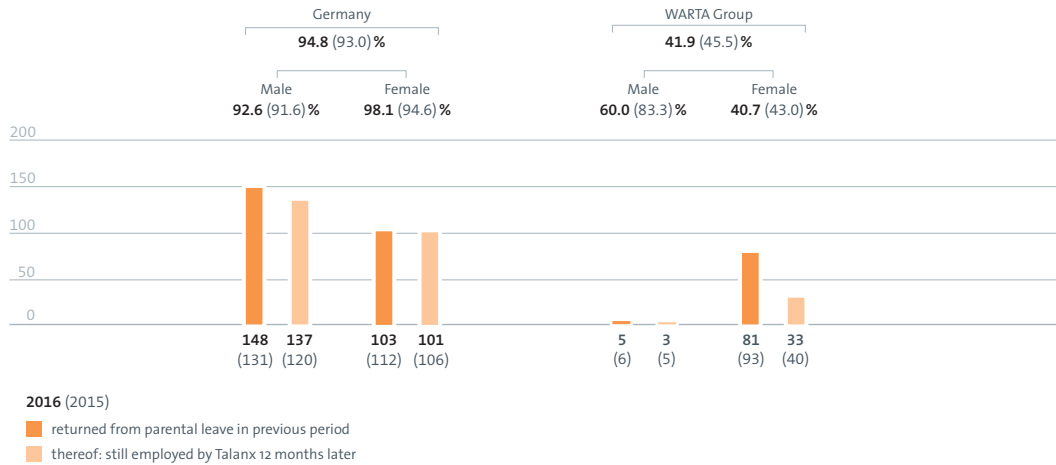
F15 RETURN FROM PARENTAL LEAVE



¹⁾ No prior-year figures are available for the WARTA Group and HDI Assicurazioni.

F16 RETENTION RATES AFTER PARENTAL LEAVE¹⁾

NUMBER



¹⁾ No information is currently available for HDI Assicurazioni.

OCCUPATIONAL HEALTH AND SAFETY

1 **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, and hence also to our employees in Germany, at the WARTA Group in Poland and at HDI Assicurazioni in Italy.

At the same time, the safety and health of our employees while at work is naturally of great importance to us. These issues play a significant role in the Company's success and are a key corporate goal, along with the quality of our products and our financial success.

Measures and guidelines: In Germany, we support our staff in this through active **health management**, a variety of internal sports offerings 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.

In Germany, these aspects are governed by the German Health and Safety at Work Act (ASiG), the German Occupational Health and Safety Act (ArbSchG) and DGUV Vorschrift 2, a German accident prevention regulation. Health and safety is now also strongly influenced by European legislation, with uniform minimum health and safety standards applying to EU member states.


1 G4-DMA | G4-LA7

 Sustainability goal

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.

A continuous flow of information and brochures serves to promote awareness of all-round – physical and psychological – health. 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 massage. Talanx's intranet provides employees with tips, information and offerings on healthy working, and especially on workplace ergonomics, back and eye health, and how to handle stress.

Moreover, since April of the reporting period Talanx Group employees in Germany and members of their families can use a free **advisory hotline**. Employees who are faced with 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 is run by a cooperation partner and that provides employees with immediate advice by phone – anonymously if desired, of course.

In addition, Talanx is aiming to  successively roll out employee health days and health management to its various locations, and has formally adopted this as a goal. Health days were held at a large number of locations in Germany during the reporting period.


Employee sports sponsorship also helps raise awareness of the importance of staff health. Talanx AG pays the entry fee for Group employees taking part in public sports or running events and provides them with matching functional shirts featuring the Talanx corporate logo. We sponsor both German and international sports events; these range from the major city marathons in Berlin, Hamburg, Hannover and Cologne or the half-marathon in Madrid through cross-country races down to smaller regional running events. Other types of sport, such as triathlons and dragon boat races, also receive support. A condition is that at least 10 Group employees get together to form a team.

In 2016, Talanx AG sponsored approximately 1,700 employees entries in a total of 64 (60) events, paying the entry fees and providing the employees concerned with Talanx functional shirts. The shirts are certified according to the OEKO-TEX® Standard 100 label and their manufacturer has signed up to the Global Social Compliance Programme (GSCP) and the Business Social Compliance Initiative (BSCI). Employee sports sponsorship facilitates team building, encourages employee interaction across different locations and enhances identification with our Company. As a result, it can contribute both to employee motivation and health and to retaining existing employees and attracting new ones.

The WARTA Group and HDI Assicurazioni also **promote employee health** in a variety of ways. The two groups naturally comply with all relevant Polish/Italian rules and regulations, e.g. in the areas of occupational safety, hygiene and workspace design. In addition, they continuously assess the risks associated with performing tasks, train employees on how to deal with them and provide them with all the information they need.

HDI Assicurazioni has defined emergency procedures, which are updated annually, for all locations. In addition, each building has an employee team whose job is to handle emergencies. The teams receive regular training on topics such as firefighting and first aid procedures. HDI Assicurazioni also expressly focuses on ensuring that workspaces are properly equipped, both in terms of their quality and in terms of the lighting for them, which is regularly checked for compliance with the statutory requirements by external assessors. The Group exceeds the statutory minimum requirements for the average space per workspace.

HDI Assicurazioni also provides accident insurance for all permanent employees covering accidents both at work and outside it. WARTA has made a voluntary commitment in the form of a medical care programme for employees and their dependants. The programme has been very well received and is used by almost all employees. Additionally, the Multisport Programme – in which WARTA subsidises the use of sports facilities throughout the country – had over 1,100 members in 2016, as in the previous year. WARTA also supports sports activities or events that are organised by employees themselves, e.g. by renting facilities or providing professional coaches.

1  **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 (travel accidents). 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. As in the previous year, there were 27 accidents at work at the Talanx Group in Germany in 2016 (corresponding to an accident at work ratio of approximately 0.3%); in addition, there were 76 (95) accidents on the way to or from work (corresponding to a ratio of approximately 0.8% [0.9%]). Our occupational safety specialist assesses the accidents in order to identify any preventive measures that need to be taken.

Poland also distinguishes between the two above-mentioned categories of accidents. All accidents or occupational diseases have to be reported to the social security agency (ZUS) and the national statistics office (GUS). The number of accidents in the first category 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 20 (18) accidents at the WARTA Group in the reporting period, including 12 (6) accidents at work (a ratio of 0.5% [0.2%]) and 8 (12) accidents on the way to or from employees' places of work (a ratio of 0.3% [0.4%]).

A distinction is also made in Italy between accidents at work and accidents on the way to or from work. All accidents and cases of illness must be reported to the National Institute for Insurance against Accidents at Work (INAIL). There was one accident at work in 2016 (a ratio of 0.2%) and three accidents on the way to or from employees' places of work (a ratio of 0.7%).

In addition, Talanx calculates the days lost ratio on the basis of the **days lost due to illness**; in 2016, this amounted to 6.6% in Germany. We also calculate the difference between this ratio and the industry average, the figures for which are provided by the employers' association. The days lost ratio for Talanx employees in Germany not including the Hannover Re Group is in line with the industry average (roughly 6.5%).

The days lost ratio for the WARTA Group amounted to approximately 0.1%, while that for HDI Assicurazioni amounted to 2.6%.

1  G4-LA6

7

INVESTMENT AND INSURANCE PRODUCTS

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

¹  G4-EC8

¹ INDIRECT ECONOMIC IMPACTS


The Talanx Group's operations have a large number of indirect 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, preventive **risk minimisation** and loss prevention reduce the probability of losses, such as those from fires and industrial accidents. These aspects are important in industrial insurance, for example. Among other things, this also protects employees' health and conserves natural resources. A 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 in its site assessment of potential risks from a variety of natural hazards.

Above and beyond this, our **hazard and risk analyses** aim to identify existential risk scenarios in all lines of business 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. In addition, we raise awareness of hazard assessments and make sensible plans for emergencies. 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.





²  G4-14




In addition, the Talanx Group has **impacts on social and ecological conditions**, in particular due to its  investments (page 54ff.) and its  insurance products (page 57ff.).

The Talanx Group also has **impacts as an employer**, since – as the third-largest insurance group in Germany with business links to approximately 150 countries – it is a major employer and provider of education and training. We create a considerable economic stimulus not only by employing people directly at 40 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”, page 66).

² APPLICATION OF THE PRECAUTIONARY PRINCIPLE

The UN's **precautionary principle** embodies a prophylactic and forward-looking approach to environmental challenges and risks. As an insurance undertaking, the Talanx Group's approach is also to take a prudent approach to risk and not to permit losses – 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 28ff.). The remaining sections in this chapter address how ecological aspects are incorporated into our core business.
- Risk management comprises the identification, assessment, analysis, management and control of **risks** (see the  section entitled “Risk management”, page 53).
- The section entitled  “Focus on customers” (see page 58ff.) primarily addresses **customer** education
- In addition, the Group's internal  **Code of Conduct** (page 23) applies, and

- The Talanx Group and the companies belonging to it are members of  **associations** (see page 21f.). Furthermore, a number of units within the Group are also involved in **stakeholder communication** (see the following  section on risk management and the  materiality analysis on page 15ff.).

RISK MANAGEMENT

We see opportunity/risk management as one of our major strengths. Monitoring and managing our risk positions are part of Talanx AG'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.

Detailed information on risk management can be taken from the  Risk Report in the Group Annual Report 2016, and especially from the following sections:


- "Risk strategy" (page 92),
- "Key roles and tasks within risk management" (page 94),
- "Risk management process" (page 97f.) and
- "Risks associated with future development" (page 100ff.).

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 Hannover Re, 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 clients (see also the  section entitled "Insurance products" on page 57ff.).

Knowledge transfer and innovations are also at the heart of our Best Practice Lab, which has served as a knowledge exchange forum for the foreign subsidiaries in Talanx's Retail International Division since 2011. This also serves as a forum for sharing and reusing practical solutions, and hence helps introduce best practices. Additionally, the Best Practice Lab cooperates with promising start-ups and as a result can continuously expand the division's expertise.

 G4-45

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 G4-EC2

¹  G4-26 | G4-45

¹ LIAISON WITH STAKEHOLDERS

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.


Our performance metrics also address dimensions above and beyond the purely financial perspective – specifically, these are market and customer viewpoints, the internal process perspective and the employee viewpoint. This enables the concerns of multiple groups of stakeholders to be included in the management of the Group.

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 monthly 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.


We also poll our interest groups on their opinions in our stakeholder survey, which we use to identify material Aspects for our sustainability strategy and the Sustainability Report. Additionally, we take part in a number of ESG rating processes specifically with an eye to sustainability-conscious investors and analysts.


³  G4-DMA

SUSTAINABILITY OF INVESTMENTS

³  **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 assets under own management totalled EUR 107.2 (100.8) billion at the end of financial year 2016, while its total investments amounted to EUR 118.9 (115.6) 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. As a result, this is a material Aspect for Talanx.

Aspect Boundary: Within the Talanx Group, this Aspect is primarily relevant to those of our 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 wants to promote positive impacts overall. To facilitate this, we developed an **ESG screening** procedure in 2016; see the  section entitled "Screening of investments for ecological and social criteria", page 55f.

Measures and guidelines: The persistently low interest rate environment is increasing the focus on the **alternative investments** asset class, which 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 56f.).

²  G4-47

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

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 Future" (new business) and "MF Future" (existing business) portfolios from the ISP product family comprise sustainable, ecological investments that 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 independent research agencies such as Feri EuroRating Service AG, Morningstar Germany GmbH and oekom research AG.


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 pioneers in assuming responsibility for a sustainable future. Independent research agencies such as oekom research AG analyse the securities for compliance with the sustainability criteria.

Additionally, the Hannover Stock Exchange launched the **German Gender Index** in April 2015. This share index for gender diversity comprises the stocks of 50 leading German companies 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, Talanx Asset Management GmbH and Talanx Immobilien Management 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. **Talanx 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. Our team of infrastructure investment specialists is particularly worth mentioning. **Talanx Immobilien Management GmbH** looks after the Talanx Group's real estate investments.

Results and evaluation: A specialised sustainability research provider assists us in our ESG screening process for assessing investments. In addition, external evaluations provide relevant feedback for assessing specific financial products. We also obtain stakeholder feedback on material Aspects, 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 on page 15ff.).

SCREENING OF INVESTMENTS FOR ECOLOGICAL AND SOCIAL CRITERIA

 There are a number of steps involved in incorporating sustainability and social and ecological criteria into the investment process at the Talanx Group. For example, it is already the case that no investments may be made in projects facilitating short-term speculation in food prices or in manufacturers of cluster munitions (this applies to direct investments in both cases).

 G4-FS11 | G4-HR1 FS

1 Sustainability goal

Moreover, Talanx set itself the goal **1** of developing an **environmental, social and governance (ESG) screening process for investments** in 2016 with the aim of implementing it throughout the Group. This aims to enable sustainability topics and ESG criteria to be taken into account to a greater extent when making investments. The preparations for the ESG screening process were largely completed in 2016 and the process will be implemented in the coming year.

1 G4-EC7

As part of this screening process, investments will be examined for their compliance with sustainability criteria such as respect for human rights and labour standards, environmental protection and anti-corruption. We do not intend to exclude specific sectors in principle but rather to examine the individual businesses and products in detail on a case-to-case basis. (This does not apply to the business areas that were ruled out earlier, such as cluster munitions.)

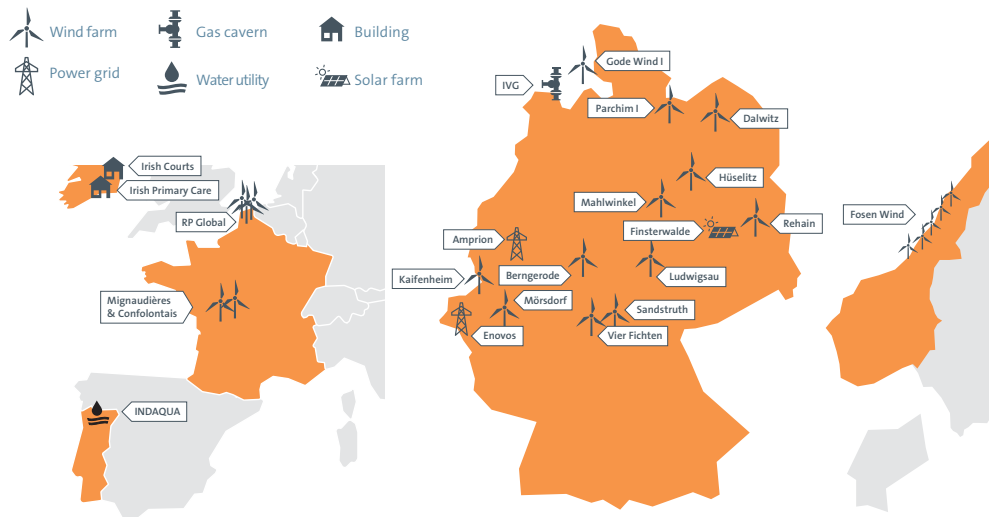
In addition, we have defined **negative screening criteria** as part of the selection process for alternative asset classes (e.g. infrastructure investments and real estate). As well as classic criteria relating to the risk/return profile of investments, the screening process includes a sustainability 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 certified buildings (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 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, dedicated unit. At present, our diversified infrastructure portfolio includes, among other things, finance for wind and solar farms, power grids, water utilities and public-private partnership (PPP) projects in Germany and the rest of Europe, see Figure 17.

F17 INFRASTRUCTURE INVESTMENTS BY THE TALANX GROUP



In 2016, Talanx invested roughly EUR 382 million of new funds in infrastructure projects. Debt was invested, among other things, in a solar farm in Brandenburg and a portfolio of Irish primary care centres. In the equity investment area, Talanx invested in an onshore wind farm in Norway, a hospital in Portugal and a gas network in Switzerland.


As of the end of 2016, Talanx had invested a total of approximately EUR 1.5 (1.13) billion in infrastructure projects. For 2017, the Infrastructure Investments team expects new investments to total approximately EUR 400 million of equity and debt. ¹  As a result, the total amount should increase to just under EUR 2 billion by the end of 2017. In the long term, it is conceivable that up to EUR 5 billion may be invested in broadly diversified alternative investments.

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. Most infrastructure investments are made within the eurozone. The focus is on projects from the transport, energy and social infrastructure sectors. The planned investment volumes 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 5 to 30 years.

The project finance deal coordinated by Talanx last year for the construction and operation of the Gode Wind 1 offshore wind farm won the "Europe Renewables Deal of the Year 2015" award during the reporting period. This prize for the best finance transaction in the renewable energies sector is awarded each year by trade magazine Project Finance International (PFI). The criteria used to decide the winner of the prestigious international PFI award are the importance of the transaction for the infrastructure market as a whole and the use of innovative finance solutions. Talanx assumed a new role on the market with the Gode Wind 1 project by coordinating a structured bond with an aggregate value of EUR 556 million. The finance related to Global Infrastructure Partners (GIP)'s 50 per cent interest in the DONG Energy wind farm. This was the first time that a consortium of institutional investors lead-managed by an insurer financed an offshore wind power project.


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 set out, 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

¹  **Materiality:** When it comes to the sustainability of insurance products, rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions are material for the Talanx Group. They address customer concerns and have a significant influence on customer satisfaction, which in turn is decisive for the Talanx Group's success.

In addition, insurance products have to be reviewed for their ecological and social impact and for their relevance to sustainable development.

Aspect Boundary: Customer interests and satisfaction are a critical success factor 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 (page 22) with their reference to "comprehensive customer orientation". 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.

¹  Sustainability goal

¹  G4-DMA

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. The insurance business essentially has a positive **social impact** – 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. In line with this, Talanx's long-term goal is to incorporate sustainability aspects into its insurance products and services to a greater extent. Risks in connection with ecological and social topics are regularly discussed and assessed by the risk management bodies, among other things as part of the process of monitoring emerging risks.

Measures and guidelines: The Talanx Group already has a large number of measures and guidelines in place covering the material Aspects of rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions (see the [📄](#) sections entitled “Focus on customers”, [page 58ff.](#), and [📄](#) “Ecological and social impacts of products”, [page 62ff.](#)).

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 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 [📄](#) DMA “Compliance in the Narrower Sense”, [page 23f.](#)). In addition, sector-specific initiatives such as the GDV's “Verhaltenskodex für den Vertrieb” (Code of Conduct for Insurance Distribution) play a key role in the insurance business (see also the [📄](#) section entitled “Focus on customers”, [page 58ff.](#)).

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 5ff.](#)).

Results and evaluation: The insurance companies belonging to the Talanx Group use a variety of instruments to track customer satisfaction (see also the [📄](#) section entitled “Focus on customers”, [below](#)).

FOCUS ON CUSTOMERS

[📄](#) 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, a survey is currently being conducted across a number of different divisions; ideally, once the pilot phase has ended this will lead in future to a uniform survey methodology and uniform basic questions (in addition to further division-specific surveys and questions). Customer and intermediary satisfaction is also monitored using a number of annual surveys, e.g. the customer monitor, the commercial customer monitor and the YouGov tied agents' survey, as well as the “KUBUS” studies (“Kundenorientiertes Benchmarking von Prozessen für die Unternehmens-Steuerung” – Customer-oriented Benchmarking of Corporate Management Processes) by MSR. The results are analysed as appropriate.

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 performed at the end of loss adjustment at HDI's third-party liability, accident, property claims unit and its motor vehicle claims unit; this project was successfully planned in 2016 in addition to the regular satisfaction survey by MSR. Clients receive a questionnaire by e-mail that measures the Net Promoter Score (NPS) and satisfaction with claims management. The NPS is determined by asking clients whether they would recommend HDI to their family and friends based on their experiences. The answers are rated on a scale from 0 to 10.

[📄](#) G4-PR5

All customers who give an answer of 6 or less are classified as “detractors” and all customers who give an answer of 9 or 10 are classified as “promoters”. The NPS is calculated as the difference between the relative proportions of promoters and detractors. It can vary between minus 100 and plus 100. A total of 97% of the customers in the two above-mentioned areas polled are at least satisfied with HDI and claims management. The NPS is 25%.

These 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.

Similarly, the WARTA Group takes a large number of steps to ensure a high level of service for customers and insurance intermediaries. The company regularly surveys customer satisfaction in the area of loss adjustment using the NPS metric. Telephone interviews are conducted every month with customers who have recently put in claims and for whom a loss has been adjusted. In the survey conducted in 2016, the NPS was approximately 32%, exceeding the target of 20%.



In addition, customers are asked about those areas where, in their opinion, the WARTA Group could improve its service levels. This information enables the company to continuously improve its processes.

In 2016, WARTA also commissioned an independent research institute to perform a telephone-based customer satisfaction survey of a representative group of 500 brokers. The results indicated that WARTA is strongly positioned in comparison with its key competitors. In addition, WARTA obtained valuable feedback on how to organise the process of working together. The WARTA Group’s goal is to be the first choice for intermediaries and brokers.

Among other things, HDI Assicurazioni uses complaints submitted to the company to measure customer satisfaction. In the life insurance line of business, the ratio of the number of complaints received in 2016 to the number of policies resulted in a “complaints rate” of 0.07%. The property/casualty line assesses the appropriateness of claims management by calculating the ratio of complaints in this line to the number of adjusted losses (including rejected

claims). The resulting ratio of 0.51% is below that of its most successful competitors (0.65%). In motor third-party liability, HDI Assicurazioni’s share of total complaints received by the entire motor third-party liability insurance market (0.64%) is compared with the company’s market share (1.65% according to the Italian National Association of Insurance Companies, ANIA): HDI Assicurazioni receives comparatively fewer complaints.

EASY-TO-UNDERSTAND INFORMATION ABOUT INSURANCE SOLUTIONS

¹  The Regulation on Information Obligations for Insurance Contracts (vVG-InfoV) imposes extensive duties on the insurance industry to inform their customers, 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.

¹  G4-PR3

 www.gdv.de/2015/04/verhaltenskodex-fuer-den-vertrieb/ (German)

The first principle set out in the Code **requires clear and understandable insurance products** and specifies that customers must be told about the features and exclusions of the insurance product in a simple and understandable manner using standardised, recognised procedures. One of the main ways in which HDI ensures, for example, that its products are clear and understandable is by using product/consumer information sheets. These score highly on the Hohenheimer Verständlichkeitsindex, a German readability index that measures how understandable texts are. 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. In addition, products are developed using standardised creation and consultation processes, including uniform readability specifications. The bancassurance companies have also implemented the clarity and transparency guidelines contained in the GDV’s Code of Conduct, and have supplemented them by brand-specific requirements, since in some cases the bank partners’ requirements already exceed those contained in the Code of Conduct, for example.

www.talanx.com/investor-relations/presentations-and-events/disclosure/2017?sc_lang=en

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 and the bancassurance companies oblige their tied agents to put ascertaining customer requirements 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 or (exceptionally) that they have waived this is an integral part of our application/contract documentation.

Providing easy-to-understand information for customers and focusing on customer needs are also part of the certification by an external auditor that is mandated by the Code. At the beginning of 2016, HDI Versicherung AG, HDI Lebensversicherung AG and the bancassurance companies developed and implemented a **compliance management system** for their sales forces that **complies with the Code**. The companies belonging to the Retail Germany Division naturally abide by and implement the standards set out in the Code.

At the WARTA Group and HDI Assicurazioni, products are developed, modified and sold using 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 via the Talanx Foundation, which awards scholarships to students of insurance-related subjects, see also [DMA "Corporate Citizenship" \(page 66\)](#).

¹ [G4-PR4](#) | [G4-PR6](#)
[G4-PR7](#) | [G4-PR9](#)

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 or failure to comply with regulations or voluntary codes relating to advertising.

The Group companies' normal business activities may involve it 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, that have 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 2016 (page 238).

One **consumer interest** case was pending in Germany in 2016. The Hamburg Consumer Advice Centre and the Bund der Versicherten (Association of Insurance Clients), brought an action for an injunction against HDI Lebensversicherung AG relating to the use of certain clauses in the company's 2007 Riester policies. These provided for a certain method of cost allocation that HDI Lebensversicherung AG discontinued in 2008. In the reporting period, the Regional Court in Cologne allowed the action on appeal in the second instance since the clauses in question did not ensure that the minimum surrender value defined by the Federal Court of Justice would be taken into account in cases in which policies are terminated and further premiums waived. HDI Lebensversicherung AG has accepted the ruling and amended the policies concerned.

At the WARTA Group, the following consumer interest cases were pending or completed in 2016:

In 2014, a case was brought against TUIR WARTA for alleged anti-competitive behaviour in connection with replacement vehicles; this was dismissed in the first instance in 2015. The plaintiff appealed on a point of law and judgement is awaited.¹⁾

Following a case brought by a natural person in 2010, the court of appeal found in 2016 that certain clauses in life insurance policies were unlawful. WARTA is currently awaiting the reasons for the judgement and has already changed the relevant clauses in its policies.

There were two relevant cases ongoing at HDI Assicurazioni in 2016.

¹⁾ The appeal was rejected as of February 2017.

In May 2016, the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato, AGCM) fined HDI Assicurazioni and other insurance companies for infringing the Italian Consumer Code. The background to the case was the question as to the competent court. The fine was paid in the reporting period, but the case was appealed to the Administrative Court for the Latium region. The date for the hearing had not been fixed during the reporting period.

In addition, HDI Assicurazioni was fined by the Italian Insurance Supervisory Authority (Istituto per la Vigilanza sulle Assicurazioni, IVASS) during the reporting period. This was primarily due to failure to comply with a deadline set out in the Italian Insurance Act in connection with compensation offers for motor insurance.

RAPID, TRANSPARENT CLAIMS PROCESSING

The individual divisions have defined **service levels** for the rapid, transparent processing of customer transactions. For example, internal service levels are an established feature in all areas of Industrial Lines, and service level agreements are also used with customers in the area of direct sales in particular. These define workflows for the service times for certain transactions, which are discussed annually with customers. The objective here is to ensure and improve competitiveness.


To ensure that the Retail Germany Division is fit for the future, a programme was launched in financial year 2014 to permanently enhance its competitiveness, and a significant level of investment has been set aside for this. We are initially focusing on optimising our business processes to improve the **quality of service** provided to our customers and sales partners. As part of this, we are also developing quality management activities, modernising our IT and enhancing the transparency of our portfolio data and costs. 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 introduction of the claims app in the third-party liability, accident, property claims unit and the motor vehicle claims unit and of the FAST live calculation tool for motor vehicle claims are major milestones in optimising processes and the application environment. The claims management process has been expanded both to incorporate digitisation components and to enhance customer contacts. To increase service quality for both customers and sales partners, a "Natural Hazards" team has been set up in the third-party liability, accident and property claims unit to handle clustered natural hazards. Our objective is to be able to complete claims processing on first contact as flexibly and rapidly as possible. Cross-departmental support from the specialists in the third-party liability, accident and property claims unit results in rapid, transparent claims management.

All steps in the WARTA Group's claims management process are transparent. Customers reporting claims are informed about the status of processing and can access information on this using mobile apps, via the website or by calling the Customer Centre. Reported claims are processed using the established procedures, which also ensures simplified, rapid claims settlement. In uncomplicated cases, payment of compensation can be arranged in the course of a telephone call with the customer. Additionally, WARTA can send mobile experts directly to the customer to assess the losses.

HDI Assicurazioni has a proven claims settlement process and a lower customer complaints ratio than the market. In the motor third-party liability area, too, the direct compensation procedure has consistently outperformed the market average since it was first introduced in 2007. Last but not least, HDI Assicurazioni is one of the best companies on the market measured in terms of the small number of penalties imposed by the insurance supervisory authority in respect of individual claims.

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 sessions.

In order to ensure that intermediaries have the necessary qualifications and expertise required for advising customers, HDI has also been active since 2013 (the year of its launch) in the “Gut beraten – Weiterbildung der Versicherungsvermittler in Deutschland” initiative called into being by the GDV and the associations of intermediaries in the German insurance industry. Not only did HDI help develop the concept for the project, it has also been using it internally since January 2014, and requires all tied agents to contractually agree to take part. Furthermore, HDI provides ongoing support for the initiative by participating actively in the relevant bodies. In addition to HDI Vertriebs AG, the neue leben, TARGO and PB 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 GDV Code of Conduct for Insurance Distribution also emphasises the importance of having **qualified intermediaries** and focuses on their continuous professional development. With respect to remuneration, the GDV Code of Conduct notes that additional remuneration above and beyond the contractual fee arrangements cannot be allowed to negatively affect the intermediary’s independence or customer interests. The Retail Germany Division has therefore reviewed all existing agreements in line with this. Where necessary, the division’s staff have drafted new sample agreements and drawn up clear rules for restructuring additional remuneration. The documents were prepared and approved by the relevant sales units and the Compliance department.

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. The requirements of the EU’s Insurance Distribution Directive (IDD), including the delegated acts that still have to be determined and their transposition into national law, were analysed to the extent that they were already available and initial recommendations for implementation made. Equally, at the bancassurance companies the IDD requirements that are already known will build on the measures to implement the GDV Code of Conduct and will be implemented in line with the statutory rules.

The measures contained in the GDV Code of Conduct have also been incorporated into standard operating practice at all companies that have signed up to the Code. We shall continue driving forward implementation of the additional statutory requirements as a high priority in a follow-up project.


At the WARTA Group, fair sales advice is a component of the performance assessment for the sales network, which comprises both WARTA staff and intermediaries. A number of sales competitions at the company are used to identify and honour the star salespeople. One criterion for assessment is customer satisfaction, and the sales force also receives training in the products and in sales techniques. Customer contact and the thoroughness of the insurance policy sales process are also taken into account. All sales staff comply with all statutory requirements and have the necessary statutory authorisations, thus guaranteeing professional contact with customers.

ECOLOGICAL AND SOCIAL IMPACTS OF PRODUCTS

¹ A large number of products from the Talanx Group’s insurance companies support **environmentally friendly** products and technologies or take **social** interests into account. For example, their services help ensure that environmental risks are suitably insured and that, in case of loss, the impact can be remedied or mitigated.

Under the German Environmental Damage Act (UrschadG), 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.

¹ G4-F57 | G4-F58

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 “Sustainability of Investments”, page 54ff.


The various insurance lines 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 lines of **motor** and **third-party liability** insurance.

Additionally, in the motor vehicle line, 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 the Lower Saxony State Office of Criminal Investigation, 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” (OCO_P), which offers international guidelines for the offshore wind farm risk management process.

 https://vds.de/fileadmin/vds_publicationen/vds_3549en_web.pdf

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 – Die Wetterrisikoversicherung” product is offered to enterprises in 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 23) 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, clients and the general public.


The same applies to our subsidiaries. Above and beyond this, HDI Assicurazioni has had its own Code of Ethics for more than 10 years, since it is convinced that observing ethical principles in business and social relationships is a prerequisite for business success.

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.

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, Hannover Re 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 WARTA and HDI Assicurazioni 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.

¹  G4-F513

¹  The Talanx Group offers **access to the insurance market for all sections of the population**, especially in sparsely populated and economically disadvantaged areas, in two ways. Firstly, the insurance companies ensure **comprehensive insurance provision via the different sales channels**; in the case of the Retail Germany Division, this also includes remote advice. In addition, in 2016 the bancassurance companies expanded their range of digital services for customers; with immediate effect, customers can use the new apps from the three bancassurance brands to encrypt documents to be sent to the customer service unit using their smartphone or tablet. This facilitates both more rapid processing and more efficient handling of customer concerns.



In focus

ELECTROMOBILITY OFFERS AN EDGE

Loss adjusters in Mexico ride
to accident sites by e-bike



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Some of the loss adjusters from Mexican insurer HDI Seguros S.A. are now cycling to accident sites. Since June 2016, the insurer has been using ten electric bikes in Mexico City, a metropolis that is home to millions of people. The advantage is that these environmentally friendly loss adjusters can move around much faster on their e-bikes and avoid fighting their way through dense traffic. Tests have shown that they need 25% less time to get to the site of an accident than do their colleagues travelling by car.

“Mexico City has a serious traffic problem because there are far too many cars driving on the roads at any one time,” says Sales and Marketing Executive Director Jaime Calderón. The exhaust fumes also pollute the air. If certain limits are exceeded, the city has already decided to restrict traffic by only letting certain cars drive on certain days of the week. “This would impact on our loss adjusters who use cars and motorcycles to get around. We therefore needed to come up with a solution for this issue.”

“We are experiencing a great deal of approval from our customers because we get to accident sites faster than our competitors.”

Jaime Calderón,
Sales and Marketing Executive Director
HDI Seguros Mexico


HDI Seguros initially put six environmentally friendly loss adjusters on the road in Mexico City, a number that rapidly rose to ten. Guadalajara – the country’s second-largest city – is now expected to follow suit. Hybrid cars are also going to be pressed into action. “We are experiencing a great deal of approval from our customers because we get to accident sites faster than our competitors,” says Jaime Calderón. “And we’re also seeing positive feedback being posted on social networks, because a lot of Mexicans have now switched to bicycles themselves in order to do their bit for the environment.”




8 CORPORATE CITIZENSHIP

¹  G4-DMA

¹  **Materiality:** Talanx is aware of the social responsibility that comes from being a listed company with roughly 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**. In this way, we generate positive impacts above and beyond our actual business activities.

Measures and guidelines: Currently, the Talanx Group focuses primarily on supporting education and training, both at its Hannover location and beyond. 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.


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.

 [karriere.talanx.com/
karriere/studierende/
stipendien?sc_lang=en](https://karriere.talanx.com/karriere/studierende/stipendien?sc_lang=en)

¹  Sustainability goal

In the reporting period it was announced that the Talanx Group will become the main sponsor of Germany's **National Mathematics Competition** as of January 1, 2017, 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, among other things, to calculate risks, premiums and technical provisions.

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, such as the WARTA Group and HDI Assicurazioni. 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. Moreover, Talanx has given interested staff time off to take part in a **Volunteer Day** for companies, allowing them to participate in social projects. Social contacts between businesses and non-profit organisations also offer employees new insights and inspiration.

The Talanx Group is building on these many different activities ¹  to develop a corporate citizenship strategy with which we shall align our social commitment in future.

GRI CONTENT INDEX

¹ Table 14 contains the Talanx-specific GRI Content Index for the Core “In accordance” option, plus some additions. The Index only contains the specific standard disclosures relating to material Aspects and additional aspects for Talanx. ¹ G4-32

¹ Table 4 (page 18f.) shows how the GRI Aspects are assigned to the material Aspects at Talanx.

T14 GRI CONTENT INDEX

PART 1: GENERAL STANDARD DISCLOSURES

GRI G4 no.	Indicators (in abridged form)	page	Comments and omissions
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organisation	3	See Letter from the Chairman
Organisational Profile			
G4-3	Name of the organisation	5	
G4-4	Primary brands, products and services	5	
G4-5	Location of the organisation’s headquarters	5	
G4-6	Countries where the organisation has significant operations	5	
G4-7	Nature of ownership and legal form	5	
G4-8	Markets served	5	
G4-9	Scale of the organisation, including various key figures	5	
G4-10	Total number of employees, including various key figures	39, 40	
G4-11	Percentage of total employees covered by collective bargaining agreements	40	
G4-12	Description of the organisation’s supply chain	8	
G4-13	Significant changes during the reporting period	5	
G4-14	Whether and how the precautionary approach or principle is addressed	52	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	14	
G4-16	Memberships of associations and national or international advocacy organisations	21	
Identified Material Aspects and Boundaries			
G4-17	List of all entities included in the organisation’s consolidated financial statements and scope of the report	4, 5	
G4-18	Process for defining the report content and implementing the Reporting Principles	15	
G4-19	List of all material Aspects	17	
G4-20	Aspect Boundary within the organisation for each material Aspect	17	
G4-21	Aspect Boundary outside the organisation for each material Aspect	17	
G4-22	Effects of restatements	—	Restatements are indicated where they occur
G4-23	Significant changes from previous reporting periods	4	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organisation	15	
G4-25	Basis for identification and selection of stakeholders with whom to engage	15	
G4-26	Approach to stakeholder engagement	15, 54	
G4-27	Key stakeholder topics and concerns	15, 17	
Report Profile			
G4-28	Reporting period	4	
G4-29	Date of most recent previous report	73	
G4-30	Reporting cycle	4	

T14 GRI CONTENT INDEX

PART 1: GENERAL STANDARD DISCLOSURES

GRI G4 no.	Indicators (in abridged form)	page	Comments and omissions
G4-31	Contact point for questions regarding the report	73	
G4-32	"In Accordance" option and GRI Content Index	4, 67	
G4-33	Practice with regard to seeking external assurance for the report	—	We do not currently have the Sustainability Report audited by an external auditor. Where nothing to the contrary is indicated, the financial figures in this report are based on the Talanx Group's consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards (IFRSs) and audited by an auditor
Governance			
G4-34	Governance structure, including committees of the highest governance body	14, 20	
G4-36	Existence of an executive-level position or positions with responsibility for economic, environmental and social topics	14	
G4-38	Composition of the highest governance body and its committees	20, 21	
G4-39	Whether the chair of the highest governance body is also an executive officer and, if so, the reasons for this arrangement	21	
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used	20	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed, and whether they are disclosed	20	
G4-42	Highest governance body's and senior executives' roles with respect to strategies, policies and goals, etc. related to economic, environmental and social impacts	14	
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities	53, 54	
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	54	
G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report	14	
G4-51	Remuneration policies for the highest governance body and senior executives	20	
Ethics and Integrity			
G4-56	Values, principles, standards and norms of behaviour	22	

PART 2: SPECIFIC STANDARD DISCLOSURES

GRI G4 no.	DMA and indicators (in abridged form)	page	Reference to Talanx-specific DMA, comments and omissions
Category: Economic			
Aspect: Economic Performance			
G4-DMA	Management approach and sector-specific guidance (FS ¹)	66	DMA – Corporate Citizenship
G4-EC1	Direct economic value generated and distributed, and sector-specific guidance (FS)	5	We do not collate data on the value of our community investments; an employee volunteering concept of this kind does not exist yet
G4-EC2	Financial implications and other risks and opportunities due to climate change	53	
Aspect: Market Presence			
G4-DMA	Management approach	40	DMA – Recruitment, Education and Training
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage	43	
G4-EC6	Proportion of senior management hired from the local community	43	

PART 2: SPECIFIC STANDARD DISCLOSURES

GRI G4 no.	DMA and indicators (in abridged form)	page	Reference to Talanx-specific DMA, comments and omissions
	Aspect: Indirect Economic Impacts		
G4-DMA	Management approach	54	DMA – Sustainability of Investments
G4-EC7	Development and impact of infrastructure investments and services supported	56	
G4-EC8	Nature and extent of significant indirect economic impacts	52	
	Aspect: Procurement Practices		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EC9	Proportion of spending on local suppliers	37	
	Category: Environmental		
	Aspect: Materials		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN1	Materials used by weight or volume	30	
G4-EN2	Percentage of materials used that are recycled input materials	30	
	Aspect: Energy		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN3	Energy consumption within the organisation	29	
G4-EN5	Energy intensity	30	
G4-EN6	Reduction of energy consumption	30	
	Aspect: Water		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN8	Total water withdrawal by source	32	
	Aspect: Emissions		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1) and sector-specific disclosures (FS)	34	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	34	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3) and sector-specific disclosures (FS)	34	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	33	
	Aspect: Effluents and Waste		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN22	Water discharge	35	
G4-EN23	Waste and sector-specific guidance (FS)	35	
	Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	—	The direct ecological impacts of products and services are not actually relevant, see instead FS8 for the environmental aspects of insurance products and FS11 for the sustainability of investments
	Aspect: Compliance		
G4-DMA	Management approach	23	DMA – Compliance in the Narrower Sense
G4-EN29	Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations	24	
	Aspect: Transport		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN30	Significant environmental impacts of transporting members of the workforce	32, 33	

PART 2: SPECIFIC STANDARD DISCLOSURES

GRI G4 no.	DMA and indicators (in abridged form)	page	Reference to Talanx-specific DMA, comments and omissions
	Aspect: Overall		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN31	Total environmental protection expenditures and investments	29	
	Aspect: Supplier Environmental Assessment		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-EN32	New suppliers that were screened using environmental criteria	36	
G4-EN33	Negative environmental impacts in the supply chain and actions taken	36	
Category: Social			
Sub-category: Labour Practices and Decent Work			
	Aspect: Employment		
G4-DMA	Management approach	28, 40	DMA – Day-to-Day Operations and Procurement and DMA – Recruitment, Education and Training
G4-LA1	Total number and rates of new employee hires and employee turnover	42	
G4-LA2	Benefits provided solely to full-time employees	40	
G4-LA3	Return to work and retention rates after parental leave	48	
	Aspect: Occupational Health and Safety		
G4-DMA	Management approach and sector-specific guidance (FS)	49	DMA – Occupational Health and Safety
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, etc.	51	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	49	
	Aspect: Training and Education		
G4-DMA	Management approach	40	DMA – Recruitment, Education and Training
G4-LA9	Average hours of training per year	44	
G4-LA10	Programmes for skills management and lifelong learning	44	
G4-LA11	Percentage of employees receiving regular performance and career development reviews	44	
	Aspect: Diversity and Equal Opportunity		
G4-DMA	Management approach	45	DMA – Diversity and Family Friendliness
G4-LA12	Composition of governance bodies and breakdown of employees according to indicators of diversity	47	
	Aspect: Equal Remuneration for Women and Men		
G4-DMA	Management approach	45	DMA – Diversity and Family Friendliness
G4-LA13	Ratio of remuneration of women to men	48	No precise details are given for reasons of confidentiality
	Aspect: Supplier Assessment for Labour Practices		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-LA14	New suppliers that were screened using labour practices criteria	36	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	36	
	Aspect: Labour Practices Grievance Mechanisms		
G4-DMA	Management approach	23	DMA – Compliance in the Narrower Sense
G4-LA16	Grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	24	
Sub-category: Human Rights			
G4-HR1 FS	Screening for assets under management that include human rights clauses	55	See Indicator FS11

PART 2: SPECIFIC STANDARD DISCLOSURES

GRI G4 no.	DMA and indicators (in abridged form)	page	Reference to Talanx-specific DMA, comments and omissions
	Aspect: Non-discrimination		
G4-DMA	Management approach	45	DMA – Diversity and Family Friendliness
G4-HR3	Incidents of discrimination and corrective actions taken	48	
	Aspect: Freedom of Association and Collective Bargaining		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken	36	
	Aspect: Child Labour		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken	36	
	Aspect: Forced or Compulsory Labour		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken	36	
	Aspect: Supplier Human Rights Assessment		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-HR10	New suppliers that were screened using human rights criteria	36	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	36	
G4-HR12	Grievances about human rights impacts filed through formal grievance mechanisms	—	Human rights impacts are only relevant for Talanx, if at all, in the supply chain; see HR10 and HR11
	Sub-category: Society		
	Aspect: Local Communities		
G4-DMA	Management approach	64, 66	In general, the local communities aspect is not relevant for Talanx, since our activities in or near business locations do not have any relevant impacts on groups of people; see FS13 and  the chapter entitled “Corporate Citizenship”
FS13	Access points in low-populated or economically disadvantaged areas	64	
	Aspect: Anti-corruption		
G4-DMA	Management approach	24	DMA – Anti-Corruption and Anti-money Laundering
G4-SO3	Operations assessed for risks related to corruption and significant risks identified	25	
G4-SO4	Communication and training on anti-corruption policies and procedures	26	
G4-SO5	Confirmed incidents of corruption and actions taken	26	
	Aspect: Anti-competitive Behaviour		
G4-DMA	Management approach	23	DMA – Compliance in the Narrower Sense
G4-SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	24	
	Aspect: Compliance		
G4-DMA	Management approach	23	DMA – Compliance in the Narrower Sense
G4-SO8	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	24	

PART 2: SPECIFIC STANDARD DISCLOSURES

GRI G4 no.	DMA and indicators (in abridged form)	page	Reference to Talanx-specific DMA, comments and omissions
	Aspect: Supplier Assessment for Impacts on Society		
G4-DMA	Management approach	28	DMA – Day-to-Day Operations and Procurement
G4-SO9	New suppliers that were screened using criteria for impacts on society	36	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	36	
	Aspect: Grievance Mechanisms for Impacts on Society		
G4-DMA	Management approach	23	DMA – Compliance in the Narrower Sense
G4-SO11	Grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	24	
	Sub-category: Product Responsibility		
	Aspect: Product and Service Labelling		
G4-DMA	Management approach and sector-specific guidance (FS)	57	DMA – Sustainability of Insurance Products
G4-PR3	Product and service information required	59	
G4-PR4	Non-compliance with regulations and voluntary codes concerning product and service information and labelling	60	
G4-PR5	Results of surveys measuring customer satisfaction	58	
	Aspect: Marketing Communications		
G4-DMA	Management approach	57	DMA – Sustainability of Insurance Products
G4-PR6	Sale of banned or disputed products	60	
G4-PR7	Non-compliance with regulations and voluntary codes concerning advertising	60	
	Aspect: Customer Privacy		
G4-DMA	Management approach	26	DMA – Data Protection
G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	27	
	Aspect: Compliance		
G4-DMA	Management approach	57	DMA – Sustainability of Insurance Products
G4-PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	60	
	Aspect: Product Portfolio (FS)		
G4-DMA FS	Management approach	57	DMA – Sustainability of Insurance Products
FS6	Percentage of the portfolio for business lines by specific region, size and sector	5	
FS7	Products and services designed to deliver a specific social benefit	62	
FS8	Products and services designed to deliver a specific environmental benefit	62	
	Aspect: Audit (FS)		
G4-DMA FS	Management approach	57	DMA – Sustainability of Insurance Products
	Aspect: Active Ownership (FS)		
G4-DMA FS	Management approach	54	DMA – Sustainability of Investments
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social topics	—	It is not currently Talanx's policy to exercise voting rights for shares in which the Group holds voting rights
FS11	Assets subject to positive and negative environmental or social screening	55	

¹⁾ FS: Refers to the Financial Services Sector Disclosures drawn up by the Global Reporting Initiative (G4).

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


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Talanx's online Sustainability Report
www.talanx.com/nachhaltigkeit?sc_lang=en

Glossary for the Sustainability Report
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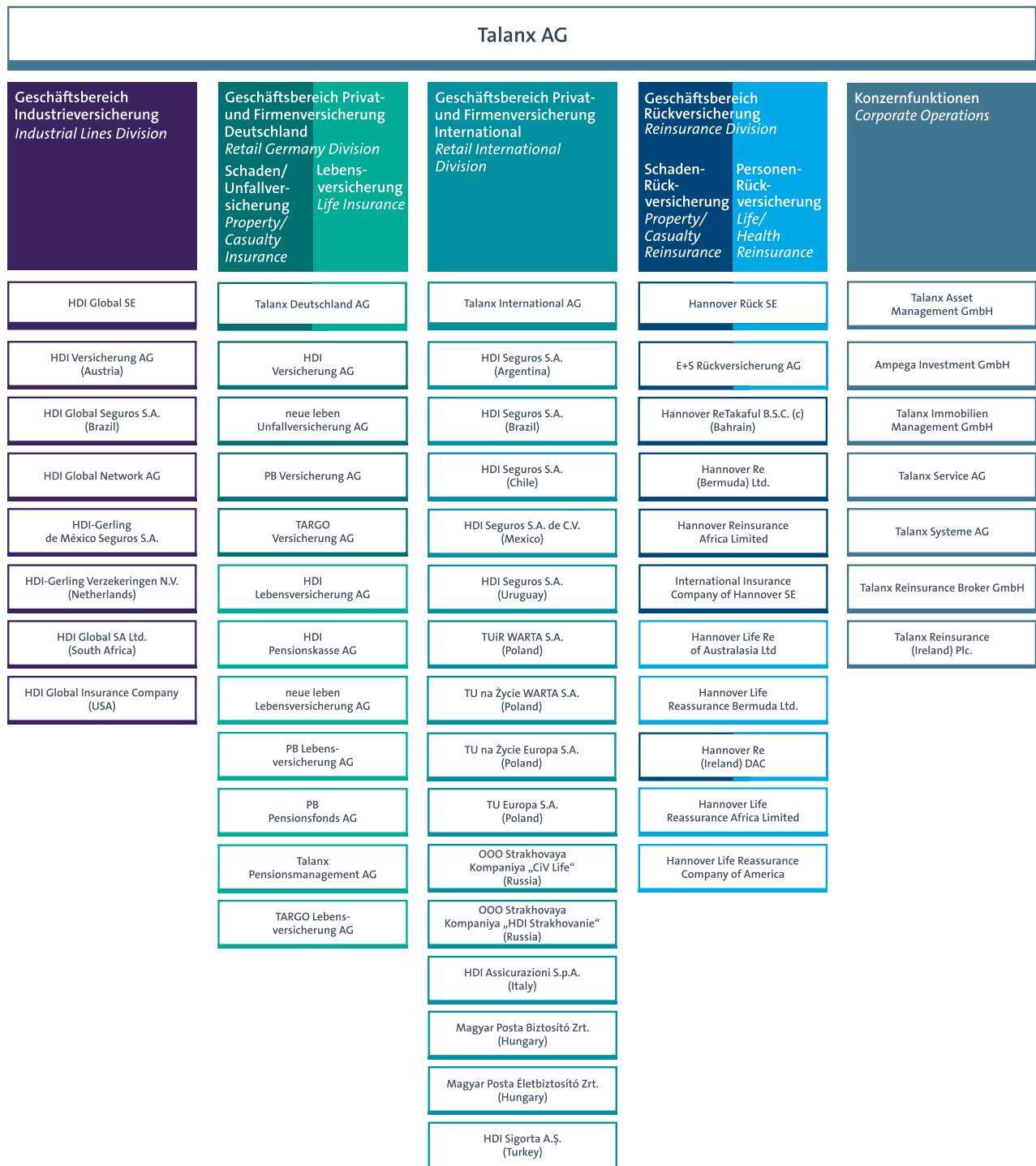
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GROUP STRUCTURE



Nur die wesentlichen Beteiligungen
Main participations only

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