

# 2017

Sustainability Report 2017

**talanx.**

Insurance. Investments.

# HIGHLIGHTS

HDI Versicherung AG (Austria) now included in Sustainability Report  
[📄 page 74f.](#)

# 144 GWh

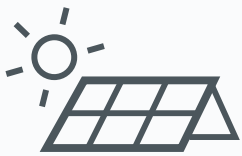
Talanx Group drives forward sustainable investments by implementing ESG screening  
[📄 page 33f.](#)

Talanx installs photovoltaic system on roof of HDI-Platz 1 building  
[📄 page 72](#)

Climate protection certificate documents that wind farms financed by Talanx generate 144 GWh of environmentally friendly power [📄 page 43](#)



Talanx buys electric vehicle for internal mail and parcel deliveries  
[📄 page 72](#)



Talanx admitted to **FTSE4Good** sustainability index [📄 page 3](#)

# 333 METRIC TONS OF CO<sub>2</sub>

GOGREEN helps protect climate: Approx. 333 metric tons of CO<sub>2</sub> were offset by delivering 11,466,751 mailings through carbon neutral postal service  
[📄 page 68](#)

Talanx Service AG takes part in "ÖKOPROFIT" environmental consulting programme run by the state capital and Hannover region [📄 page 64](#)



Talanx Values Award

Second Talanx Values award for exemplary behaviour presented in 2017. The winner: HDI Versicherung AG (Austria) for its "Our Values connect" project  
[📄 page 22](#)



Total infrastructure investments approximately

# EUR 2.0 BILLION

 at the end of 2017  
[📄 page 43](#)

Successful JOB&FIT certification for works kitchens at Hannover and Cologne locations  
[📄 page 59](#)




315 employees from Cologne and Hannover headquarters cycle a total of 51,165 kilometres in CITY CYCLING competition, saving approximately 8.1 metric tons of CO<sub>2</sub> [📄 page 66](#)

Team Talanx in 2017: 1,804 employees took part in 56 sponsored sports events  
[📄 page 58](#)



# AT A GLANCE

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

## T1 FINANCIAL, ENVIRONMENTAL AND EMPLOYEE INDICATORS

Indicator	Unit	2017	2016
<b>Financial indicators and metrics</b>			
Gross written premiums	EUR MILLION	33,060	31,106
Operating result (EBIT)	EUR MILLION	1,807	2,307 <sup>1)</sup>
Group net income	EUR MILLION	672	903 <sup>1)</sup>
Return on equity	%	7.5	10.4
Investments under own management	EUR MILLION	107,881	107,174
Number of employees <sup>2)</sup>	HEADCOUNT	21,604	21,366
Shares in free float	%	21.0	21.0
Gross written premiums (primary insurance)	EUR MILLION	15,900	15,380
<b>Report's coverage of the Talanx Group</b>			
Percentage of Talanx Group employees covered	%	57.7	58.3
Talanx Group gross premiums covered	%	32.1	32.0 <sup>3)</sup>
Talanx Group gross premiums for primary insurance covered	%	66.7	64.6 <sup>3)</sup>
<b>Compliance and Transparency</b>			
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	%	0.0	0.0
Female members of boards of management/managing directors of companies in the Talanx Group <sup>4)</sup>	%	6.0	14.6
<b>Investment and Products</b>			
Volume of infrastructure investments	EUR BILLION	~2.0	1.5
<b>Work and Employees <sup>5)</sup></b>			
Total continuing professional development days	DAYS	19,750	18,342
Continuing professional development days per employee	DAYS	2.3	2.0
Management positions filled internally	%	64.8	80.5
Employee turnover	%	7.2	7.0
Length of service	YEARS	15.1	14.8
Female employees in Group <sup>6)</sup>	%	50.4	46.8
Women in management positions in Group <sup>6)</sup>	%	29.0	18.4
Retention rate 12 months after return from parental leave	%	92.9	94.8
Days lost	%	6.4	6.6
<b>Day-to-day Operations and Procurement</b>			
Energy consumption per employee <sup>7)</sup>	MWH	6.6	4.5
Paper consumption per employee <sup>7)</sup>	KILOGRAMS	19.9	26.6
Water consumption per employee <sup>7)</sup>	LITRES	8,977	8,709
Business travel and trips in company cars <sup>8)</sup>	MILLIONS OF KM	59.2	46.4
Business travel and trips in company cars per employee <sup>8)</sup>	KM	4,745.9	4,907
Total CO <sub>2</sub> emissions (Scope 1 + 2 + 3) <sup>9)</sup>	METRIC TONS OF CO <sub>2</sub> E	50,941.9	n. a.
CO <sub>2</sub> emissions (Scope 1 + 2 + 3) per employee <sup>9)</sup>	METRIC TONS OF CO <sub>2</sub> E	4.1	n. a.

<sup>1)</sup> Adjusted in accordance with IAS 8; see the "Changes in accounting policies and errors" subsection of the "Accounting Policies" section of the notes to the consolidated financial statements (Group Annual Report 2017).

<sup>2)</sup> Includes the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement).

<sup>3)</sup> The prior-year figure has been amended due to a change in the data capture methodology.

<sup>4)</sup> This covers the entire Talanx Group for the first time. The figure for financial year 2016 covers 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.

<sup>5)</sup> Unless otherwise stated, this includes the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement) in Germany, with the exception of the Hannover Re Group.

<sup>6)</sup> The figure for the 2017 reporting period covers the entire Talanx Group for the first time.

<sup>7)</sup> Includes the companies in the Talanx Group in Germany (with the exception of the Hannover Re Group), as well as the WARTA Group, HDI Assicurazioni and HDI Austria. The prior-year figure was adjusted due to a uniform calculation methodology.

<sup>8)</sup> Includes the companies in the Talanx Group in Germany (with the exception of the Hannover Re Group), as well as the WARTA Group, HDI Assicurazioni and HDI Austria. The prior-year figure relates solely to travel within Germany.

<sup>9)</sup> Includes the companies in the Talanx Group in Germany (with the exception of the Hannover Re Group), as well as the WARTA Group, HDI Assicurazioni and HDI Austria. No comparative data are given for the previous year due to a change in the data capture processes and calculation methodology.

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KEY



Sustainability goal



GRI Standards reference



SDG reference



Page reference



Web reference



**TORSTEN LEUE**  
Chairman

*Ladies and gentlemen,*

<sup>1</sup>  we continued expanding the Talanx Group's sustainability activities in 2017. One important aspect of this is the introduction of a sustainability screening process for our investments. Since the beginning of last year, an objective specialist service provider has been examining almost 90% of our securities portfolios with the aim of identifying and assessing unsustainable investments. We have already started liquidating unsustainable holdings.

In addition, we have continued to expand our investments in infrastructure projects and have increased the volume to approximately EUR 2.0 billion, in line with our target. We also acted as the lead investor for a group of institutional investors in the case of a large-volume 10-year bond. This will be used in the period up to 2019 to complete the Borkum Riffgrund 2 wind farm, which will generate 450 megawatts of green electricity for up to 460,000 households. With this project, we are taking another logical step in our strategy and increasing our share of renewable energy in Germany. Such investments allow us, as an insurer, to exert a not insignificant positive influence on the environment, and we aim to continue expanding them in future.

Our efforts to improve our sustainability are also being received positively by investors. Talanx's shares were admitted to the FTSE4Good index series last year. This means that we have become more important for sustainability-driven investors.

Investments are not the only area in which sustainability plays an important role: we are also critically evaluating our operational workflows. One way in which we have started this process is by participating in the "ÖKOPROFIT" environmental consulting initiative. An internal environmental team and external experts are systematically examining the workflows at our central locations in Hannover in order to identify sensible savings. We are also uncovering many such opportunities for improvement in our digital transformation strategy, which we are integrating with sustainability aspects in an appropriate manner. We are aware that the road ahead of us is a relatively long one, but we are determined to travel it.

As you can see, the Talanx Group is continuing to expand its sustainability activities. By doing so, we are helping to mitigate the impacts of climate change. My personal goal as the new Chairman of Talanx AG is to extend the Group's success and prepare our staff for a constantly changing environment. As a provider of insurance products, we also help reduce individual, corporate and social risks. I personally see this as a major opportunity.

I hope you enjoy reading this report, which you will find now also includes HDI Versicherung AG in Austria, among other things. In addition, we have documented how we as an insurance group are helping to achieve the United Nations' 17 Sustainable Development Goals.

We welcome feedback of all kinds on our activities and look forward to a constructive dialogue.



Yours sincerely,

Torsten Leue


<sup>1</sup>  102-14

# 1 GENERAL INFORMATION AND ORGANISATIONAL PROFILE

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 Group Annual Report

 Group Annual Report

 The Talanx Group is a multi-brand provider in the insurance and financial services sector. It had 21,604 employees worldwide as at the end of 2017 (previous year: 21,366).<sup>1)</sup> The Group parent is financial and management holding company Talanx AG, which is based in Hannover, Germany, and which has been listed since 2012. HDI V.a.G., a mutual insurance company formed over 110 years ago, is the majority shareholder in Talanx AG with an interest of 79.0%. As in the previous year, 21.0% of the shares are in free float.

 In financial year 2017, the Talanx Group generated Group net income of EUR 672 (903<sup>2)</sup>) million. Gross written premiums for the Group amounted to EUR 33.1 (31.1) billion. The operating result (EBIT) fell year-on-year as a result of unusual natural disasters and amounted to EUR 1.8 (2.3) billion.

Additional information on Talanx's business development, size and directly generated and distributed economic value can be found in the  Group Annual Report 2017:

- for Talanx's premium volumes and the results of its individual segments and markets, see the "Business development" section on page 33ff.
- for its total assets including information on liabilities and equity, see the consolidated balance sheet of Talanx AG on page 154f.
- for information on Talanx's shares, see the "Our shares" section on page 16ff and "Earnings per share" on page 265f.
- for information on administrative expenses, see Note 32, "Acquisition costs and administrative expenses", on page 256
- for information on personnel expenses, see Note 33, "Other income/expenses", on page 257
- for information on interest and dividends paid, see the consolidated cash flow statement of Talanx AG on page 160
- for the reported tax expense, see Note 35, "Taxes on Income", on page 257


<sup>1)</sup> This figure covers the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included. The total number including casual workers is 22,059 (21,649). Gender-neutral language has been used throughout this report.

<sup>2)</sup> Adjusted in accordance with IAS 8; see the "Changes in accounting policies and errors" subsection of the "Accounting policies" section of the Notes in the Group Annual Report 2017.

 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 2017; see among other things the sections entitled "Foundations of the Group" (page 20ff.) and "Business development" (page 33ff.). No significant changes in the structure of the supply chain or in supplier relationships could be ascertained in the past financial year.

## DIVISIONS, PRODUCTS AND BRANDS

 Talanx is represented by its own companies or branches on all continents of the world. The Group has business relationships with primary insurance and reinsurance customers in more than 150 countries. A list of all entities included in the consolidated financial statements is provided in the "List of shareholdings"  on page 269ff. of the Group Annual Report 2017.

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

In contrast to the six operating segments, the **Corporate Operations** segment encompasses management and other functional activities that support the Group's business. 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, the reinsurance broker 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.

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 [↗](#).

<sup>1</sup> [📄](#) 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 2017 (page 20).

<sup>2</sup> [📄](#) As a listed insurance group, Talanx complies with national and international laws and does not distribute any products or services that are banned in certain markets. We established an ESG<sup>1)</sup> screening process last year for our

investments, which we are using as a basis to decide on divesting controversial holdings in a manner that does not disrupt the markets (page 33f.).

Further information on the Talanx Group’s divisions can be found in the “Group structure” section of the Group Annual Report 2017 (page 22f.).

## VALUE CHAIN

<sup>3</sup> [📄](#) Figure 1 shows the key elements of the Talanx Group’s value chain in simplified form. For reasons of clarity, the diagram concentrates on the operational aspects of the insurance business. In addition, the Group provides other services, such as recommending and implementing loss prevention measures, reinsurance advice and inter-mediation, and claims management services.

[www.talanx.com/marken.aspx?sc\\_lang=en](http://www.talanx.com/marken.aspx?sc_lang=en)

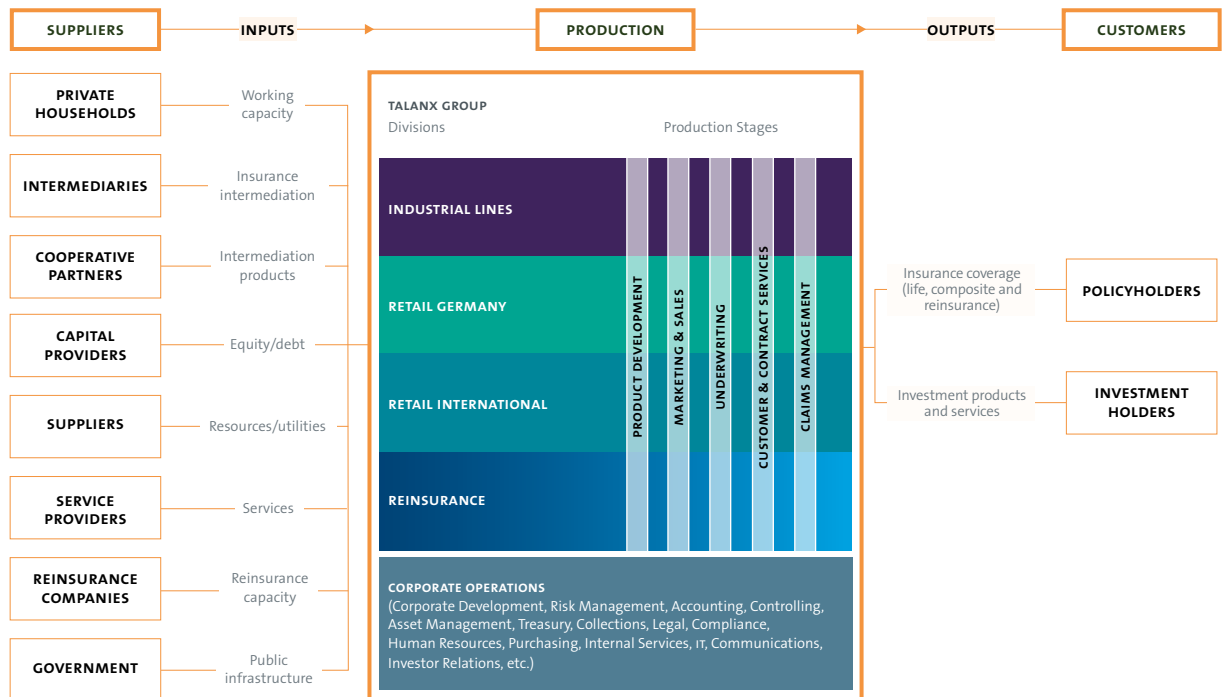
<sup>1</sup> [📄](#) 102-2-A

[↗](#) Group Annual Report

<sup>3</sup> [📄](#) 102-9

<sup>2</sup> [📄](#) 102-2-B

F1 THE TALANX GROUP’S VALUE CHAIN



<sup>1)</sup> ESG: environmental, social and governance.


SDG 16 | 17

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.<sup>1)</sup>



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 refer 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 “Topics identified” section  (page 18ff.), where it is used to determine the boundaries between individual topics.

## 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.

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

#### BOARD OF MANAGEMENT

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

#### SUPERVISORY BOARD

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

#### COMMITTEES

- Corporate Governance Principles, section VI “Supervisory Board”
- “Supervisory Board” section of the corporate governance report on page 90f. of the Group Annual Report 2017 and “Tasks of the Committees” on page 10ff. of that document

### NOMINATION AND SELECTION PROCESSES FOR THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

#### BOARD OF MANAGEMENT

- Corporate Governance Principles, section v “Board of Management”
- Articles of Association, section III “Board of Management”

 [www.talanx.com/~media/Files/T/Talanx/pdfcontent/broschueren/corp\\_gov\\_en.pdf](http://www.talanx.com/~media/Files/T/Talanx/pdfcontent/broschueren/corp_gov_en.pdf)

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



- “Board of Management” section of the corporate governance report on page 89 of the Group Annual Report 2017
- Section of the corporate governance report entitled “Target figures in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG” in the Group Annual Report 2017, page 88

**SUPERVISORY BOARD**

- Corporate Governance Principles, section VI “Supervisory Board”
- Articles of Association, section IV “Supervisory Board”
- “Supervisory Board” section of the corporate governance report in the Group Annual Report 2017, page 90f.

**TENURE ON THE GOVERNING BODY**

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

**1 ■ AVOIDANCE OF CONFLICTS OF INTERESTS**

- Corporate Governance Principles, section V “Board of Management” and section VI “Supervisory Board”

**2 ■ REMUNERATION OF MEMBERS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD**

**BOARD OF MANAGEMENT**

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

- Corporate Governance Principles, section V “Board of Management” and section VI “Supervisory Board”
- “Remuneration of the Board of Management” section of the remuneration report in the Group Annual Report 2017, page 94ff.

**SUPERVISORY BOARD**

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

- Corporate Governance Principles, section VI “Supervisory Board”
- “Remuneration of the Supervisory Board” section of the remuneration report in the Group Annual Report 2017, page 106ff.

**3 ■ CURRENT COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD**

As at 31 December 2017, the **Board of Management** of Talanx AG had six members. Herbert K Haas has been the CEO since 2006; see also [the “Board of Management” section on page 8 of the Group Annual Report 2017 and the \[Talanx website\]\(#\)](#). After the Annual General Meeting on 8 May 2018, Torsten Leue will become the new CEO of Talanx AG. At the request of majority shareholder HDI V.a.G. (proposal pursuant to section 100(2) sentence 1 no. 4 of the AktG), the previous CEO, Herbert K Haas, will stand for election to the Supervisory Board during the General Meeting at the same time as stepping down from the Board of Management. If he is elected to the Supervisory Board he will stand for election as its Chairman.

Information on diversity among the governing bodies and the workforce, and on the Group’s diversity policy, can be found in the section of the corporate governance report entitled “Target figures in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG” and “Targets for the composition of the Board of Management and the Supervisory Board and progress report” on pages 88 and 91 respectively of the Group Annual Report 2017.

The **Supervisory Board** had twelve male and four female members as at 31 December 2017. Three of the female Supervisory Board members are employee representatives and one is a shareholder representative. Wolf-Dieter Baumgartl has been the Supervisory Board Chairman since 2006 (see also the “Supervisory Board” section of the [Group Annual Report 2017 \(page 9\)](#) and the [website](#)).

The members of the **committees** are given in the “Supervisory Board Committees” section of the [Group Annual Report 2017 \(page 10\)](#) and on the [website](#). The website also provides information on Supervisory Board members’ memberships of other supervisory boards or comparable governing bodies.

The Chairman of the Supervisory Board does not have an executive role, because Talanx AG has a dual-board system of corporate governance under which oversight and management are separated. (See also the [“Declaration on corporate governance and corporate governance report”](#) in the Group Annual Report 2017 (page 87ff.) and the [Declaration of Conformity with the German Corporate Governance Code](#) in accordance with section 161 of the German Stock Corporation Act [AktG]).

**3 ■** 102-22 | 102-23 | 405-1

[Group Annual Report](#)

[www.talanx.com/konzern/management/vorstand](http://www.talanx.com/konzern/management/vorstand)

**1 ■** 102-25

**2 ■** 102-35

[Group Annual Report](#)

[www.talanx.com/konzern/management/aufsichtsrat/mitglieder.aspx?sc\\_lang=en](http://www.talanx.com/konzern/management/aufsichtsrat/mitglieder.aspx?sc_lang=en)


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[www.talanx.com/investor-relations/presentations-and-events/disclosure/2018.aspx?sc\\_lang=en](http://www.talanx.com/investor-relations/presentations-and-events/disclosure/2018.aspx?sc_lang=en)

[Group Annual Report](#)

[www.talanx.com/corporate-governance/entsprecherklaerung/2018.aspx?sc\\_lang=en](http://www.talanx.com/corporate-governance/entsprecherklaerung/2018.aspx?sc_lang=en)

1  102-13**THE TALANX GROUP – KEY MEMBERSHIPS**

 Talanx and Talanx Group companies, including the WARTA Group, HDI Assicurazioni and HDI Austria, 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.
- AfW Bundesverband Finanzdienstleistung
- Arbeitsgemeinschaft der Versicherungsvereine auf Gegenseitigkeit e. V. (ARGE VVaG)
- Bildungsakademie der Österreichischen Versicherungswirtschaft (BÖV)
- Bundesverband Investment und Asset Management e. V. (BVI)
- CRO (Chief Risk Officers) Forum
- Deutsche Kernreaktor-Versicherungsgemeinschaft (DKVG)
- Deutscher Verein für Versicherungswissenschaft
- European Insurance CFO (Chief Financial Officers) Forum
- Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV)
- Gesellschaft für Versicherungsfachwissen (GVFW)
- Global Insurance Chief Compliance Officers (CCO) Forum
- International Union of Aerospace Insurers (UIAI)
- International Union of Marine Insurance (IUMI)
- Kuratorium für Verkehrssicherheit (KfV)
- Pharma-Rückversicherungsgemeinschaft
- Polish Insurance Association (PIU)
- Polish Insurance Guarantee Fund (UFG)
- Polish Motor Insurers' Bureau (PBUK)
- The Geneva Association
- Verein Deutscher Lebensversicherer
- Italian National Association of Insurance Companies (ANIA)
- Verkehrsofferhilfe e. V. (VOH)
- Versicherungsombudsmann e. V.
- Versicherungsforen Leipzig
- Versicherungsverband Österreich (VVO)
- Wiesbadener Vereinigung

**BUSINESS AND COMMERCIAL ASSOCIATIONS**

- AHK Indo-German Chamber of Commerce
- Arab-German Chamber of Commerce and Industry e. V. (Ghorfa)
- Bundesverband Deutscher Innovations-, Technologie- und Gründerzentren e. V. (BVIZ)

- German-Polish Chamber of Industry and Commerce
- Deutsches Institut für Normung (DIN)
- German Business Association (Vietnam)
- Hildener Industrieverein
- Initiative Deutschland Digital
- 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)
- Wirtschaftsclub Köln
- Wirtschaftsrat Deutschland

**SUPPORT AND SPONSORSHIPS**

- 1. FC Köln
- Betriebssportgemeinschaft Rheinpark
- Deutscher Verein für Versicherungswissenschaft e. V. (DVfVW)
- Freundeskreis der Leibniz Universität Hannover
- Hannover 96
- Internationale Schule Hannover Region GmbH
- Kompetenzzentrum Versicherungswissenschaften (KVW)
- 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.



**TOPIC- AND FUNCTION-SPECIFIC BODIES**

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



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


## 2 SUSTAINABILITY STRATEGY AND MANAGEMENT

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

As a global insurer, we also actively contribute to achieving global sustainability goals: the  United Nations' Sustainable Development Goals (SDGs), which came into force in 2016, comprise 17 concrete targets designed to make the world a more sustainable and fairer place in the period up to 2030. To underscore the relevance of the SDGs and to make our contribution to the individual goals transparent, we have identified 12 key SDGs on which we focus as an insurer. Further details and information on how we support the SDGs can be found in the  section entitled "Sustainable Development Goals" on [page 76f.](#)

### SUSTAINABILITY STRATEGY

<sup>1</sup>  Our sustainability strategy was derived from the Group's overarching strategy and is aligned with the Group's mission statement and values. It comprises concrete action areas, goals and measures and serves to ensure that our operations are aligned with ecological and social challenges – in conformity with the Ten Principles published by the UN Global Compact (UNGC). In addition, our sustainability strategy and sustainability management activities are based on our stakeholders' requirements and interests. We define stakeholder groups as groups of people who have a claim on or interest in the Talanx Group and who can affect its performance or who are directly affected by its actions.<sup>1)</sup> In particular, our actions impact our key stakeholder groups, which are also explicitly mentioned in  Talanx's strategy. These include our customers, business partners, investors and employees. At the same time, we also acknowledge that we have a responsibility towards society as a whole and aim to minimise any negative effects. This is why politicians, media representatives and academics also play important roles above and beyond these key stakeholders and non-governmental organisations (NGOs) (Figure 2). We engage in a regular, open and transparent dialogue with them ([page 17](#)).

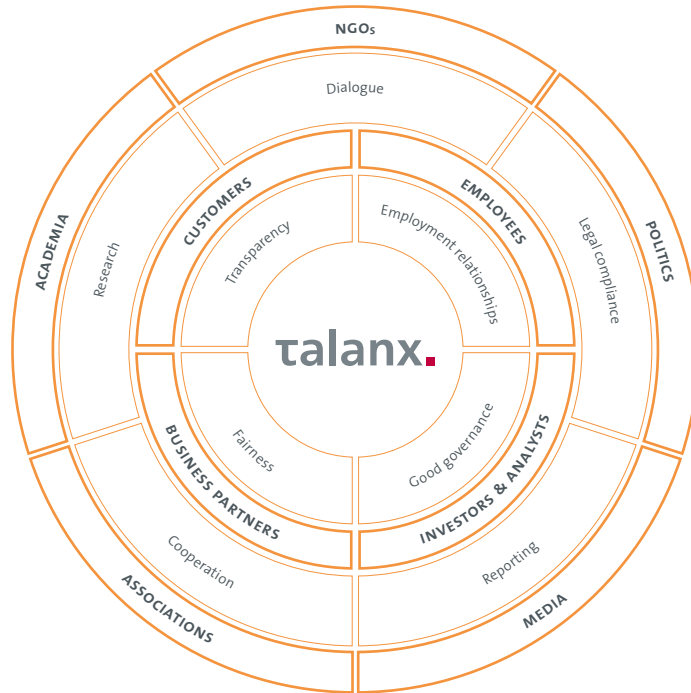
<sup>1</sup>  102-40 | 102-42 | 102-44

 [www.talanx.com/konzern/konzernstrategie?sc\\_lang=en](http://www.talanx.com/konzern/konzernstrategie?sc_lang=en)

 [www.un.org/sustainabledevelopment/sustainable-development-goals/](http://www.un.org/sustainabledevelopment/sustainable-development-goals/)

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

F2 THE TALANX GROUP'S STAKEHOLDERS



For further information on our stakeholder survey, our stakeholder dialogue and on how Talanx's material sustainability topics are determined, see the chapter entitled "Dialogue and reporting" (page 16).

**ACTION AREAS**

In addition to the higher-level areas of "Sustainability Strategy and Management" (page 9) and "Dialogue and Reporting" (page 16), the Talanx Group's sustainability strategy covers the five action areas shown in Figure 3.

F3 THE TALANX GROUP'S SUSTAINABILITY STRATEGY – ACTION AREAS



### COMPLIANCE AND TRANSPARENCY

The Compliance and Transparency action area is an interdisciplinary function covering adherence to statutory, legal and regulatory requirements and to the internal 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 topics.

### INVESTMENT AND PRODUCTS

For the Talanx Group, our investments and insurance products are the main areas of business activity in which sustainability needs to be taken into account. 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. Topics such as transparency, easy-to-understand information and fair advice play an important role here.

### WORK AND EMPLOYEES

The Work and Employees action area reflects our desire to take the interests of our employees into account and to be an attractive employer and training provider. The Talanx Group actively encourages and supports employee training and development. It promotes diversity and equal opportunities, e.g. by taking measures aimed at specifically increasing the proportion of women in management positions.

### 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.

### 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.

### 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 gives an overview of the current sustainability goals that have been approved by the Board of Management for the relevant action areas and their status. The list of goals and measures for the previous year has been revised and new sustainability goals have been added to the agenda. Prior-year goals that have already been achieved have been deleted from the list in order to improve legibility. The current status of the goals is reviewed, and an assessment made as to whether to add new ones, on an annual basis. In future, the baseline year/comparative year for the goals will normally be the 2015 reporting period, the year in which Talanx's first sustainability report was published.

T3 THE TALANX GROUP'S SUSTAINABILITY GOALS<sup>1)</sup>

Goal	Measure	Scope	Deadline	Status
<b>Strategy and Governance</b>				
Strategic goal: Enhance the sustainability strategy and extend sustainability management within the Talanx Group				
Continuously review the sustainability strategy and the strategic action areas	Address UN Sustainable Development Goals (SDGs) internally and integrate these with the sustainability strategy		2019	In process
	Develop a sustainability programme comprising short-, medium- and long-term goals		Ongoing	In process
	Successfully implement sustainability strategy in our core markets		Ongoing	In process
Optimise sustainability management	Examine whether to sign up to UN Global Compact		Ongoing	In process
	Examine whether to sign up to UN Principles for Responsible Investment (PRI)		Ongoing	In process
<b>Dialogue and Reporting</b>				
Strategic goal: Extend sustainability reporting and intensify stakeholder dialogue				
Prepare an annual sustainability report in accordance with the GRI Standards	Expand sustainability information available on the Talanx website		Ongoing	In process
	Successfully extend reporting to companies in the target regions		Ongoing	In process
	Enhance and optimise sustainability reporting in accordance with the GRI Standards		Ongoing	In process
Regularly perform stakeholder dialogue and materiality analyses	Optimise materiality analysis processes		2018	In process
	Examine greater more in-depth cooperation with a key stakeholder		2019	In process
Enhance attractiveness for value investors and sustainability-oriented investors by participating in major ESG ratings	Inclusion in at least one recognised sustainability index		Ongoing	In process
<b>Compliance and Transparency</b>				
Strategic goal: Transparency; incorporate sustainability criteria into Compliance Guidelines				
Review Compliance Guidelines for sustainability criteria and incorporate as appropriate	Analyse/review existing guidelines (Code of Conduct, etc.) for sustainability criteria		2017	Done
	Expand compliance management system to include Group-wide integrity management		2020	In process
<b>Investment and Insurance Products</b>				
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	Done
	Continuously review and, where appropriate, fine-tune sustainability approach applied in asset management		Ongoing	In process
Increase infrastructure investments	Increase volume of infrastructure investments to approximately EUR 2 billion		2017	Done
	Continue sectoral diversification of infrastructure portfolio		Ongoing (long-term goal)	In process

T3 THE TALANX GROUP'S SUSTAINABILITY GOALS<sup>1)</sup>

Goal	Measure	Scope	Deadline	Status
<b>Work and Employment</b>				
Strategic goal: Transparency; incorporate sustainability criteria into human resources work				
Review human resources guidelines for sustainability criteria and incorporate them as appropriate	Analyse/review existing guidelines for sustainability criteria	Germany	Ongoing	In process
Diversity/increase proportion of women in management positions	In future, recruit women to at least 25% of vacant management positions at all levels of the hierarchy in Germany	Germany	Ongoing	In process
	Recruit women to at least 35% of management positions	WARTA Group	Ongoing	In process
Promote employee health	Roll out employee health days/health management to locations	Germany	Ongoing	In process
<b>Day-to-day Operations and Procurement</b>				
Strategic goal: Promote sustainability-driven procurement and day-to-day operations, reduce CO <sub>2</sub> emissions				
Take sustainability criteria into account more in procurement	Develop and successively implement a uniform Group Code of Conduct for Suppliers in the appropriate languages		2018	In process
	Review, develop and successively implement a procedure for selecting and assessing suppliers in accordance with environmental and social standards		Ongoing	In process
	Increase offering of environmental friendly office materials and consumables (with ecolabels) (target: 40% of revenues) and add information drawing attention to environmentally friendly products to the procurement portal	Germany	2017	Done
	Healthy, sustainable, regionally sourced food for employees	Germany	2018	In process
	Regularly review potential for cooperation above all with domestic/local suppliers at major locations if this demonstrably promotes sustainability	Germany	2017	Done
Reduce CO <sub>2</sub> emissions and consumption of energy and resources	Successively migrate to renewable energies	Germany	2018 onwards	Implementation ongoing
	Optimise energy consumption by adjusting timer programmes, using efficient LED lighting in all buildings owned by the Talanx Group, and making greater use of occupancy detectors in offices (implementation of measures identified in the energy audit)	Germany	Approx. 2026	In process
	Step up internal communication on cutting energy and paper consumption in the workplace (continuously raise employee awareness of sustainability)	Germany	Ongoing	In process
	Port travel expense claims processing to a web-based application in order to reduce paper consumption	WARTA Group	Ongoing	Done
	Systematically replace old equipment by next-generation versions, e.g. energy-efficient, environmentally friendly refrigerators and air conditioning units	WARTA Group	Ongoing	In process
	Install tap aerators at WARTA's facilities in order to cut water usage	WARTA Group	2017	In process
Expand and promote corporate environmental protection	Successfully participate in the ÖKOPROFIT project sponsored by the City and Region of Hannover	Germany, Hannover	2019	In process
Optimise rules for company cars and their use from an environmental perspective	Set upper limit for CO <sub>2</sub> bonus for company cars at 125g/km (the original goal was to cut this to 130g/km)	Germany	2017	Done

T3 THE TALANX GROUP'S SUSTAINABILITY GOALS<sup>1)</sup>

Goal	Measure	Scope	Deadline	Status
<b>Day-to-day Operations and Procurement</b>				
Strategic goal: Promote sustainability-driven procurement and day-to-day operations, reduce CO <sub>2</sub> emissions				
Expand and promote sustainable mobility policies	Completely replace the vehicle fleet with vehicles that comply with the Euro 5 or Euro 6 standard	WARTA Group	2017	In process
	Retire E4 vehicles from Internal Services vehicle pool	Germany	2018	In process
	Use electric Smarts for city trips in Hannover, Cologne, Hamburg and Dortmund in order to reduce pollutant emissions	Germany	2017 onwards	In process
	In a pilot project at our central location in Hannover, employees with electric vehicles or e-bikes will be offered the opportunity to charge these at charging towers or charging stations	Germany	2017 onwards	In process
	Talanx Service AG to lend bicycles to employees moving between buildings in Hannover	Germany, Hannover	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 being continued
<b>Corporate Citizenship</b>				
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	Done
	Analyse additional potential (Group-wide) commitments, research/select potential strategic partners		2016	Done
	Enhance social commitment policy		Ongoing	In process
	Expand reporting on social commitment and donations		Ongoing	In process
	Group-wide documentation of sustainability projects		Ongoing	In process

<sup>1)</sup> 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). In contrast, the "Day-to-Day Operations and Procurement" and "Work and Employees" action areas are determined on a regional basis and their scope is indicated as appropriate.



## SUSTAINABILITY MANAGEMENT

<sup>1</sup> At Talanx, sustainability management is designed at the enterprise level and is being rolled out successively across its core markets. The topic owners are the full Board of Management of Talanx AG. As is the case with the Group's other goals, values and strategies, the full Board of Management resolves and monitors the development and enhancement of Talanx's sustainability strategy, its sustainability goals and the implementation of the associated measures. The importance of sustainability for the Group's top management is underscored by the Sustainability Commitment issued by the full Board of Management. In addition, the Talanx AG's CEO 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.

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

Due to the Group's decentralised organisational structure, most sustainability measures are implemented by the individual divisions and Corporate Operations as part

of their respective core businesses. The goals and measures are agreed, and data for reporting are captured, by a competence team comprising representatives from all divisions, the companies concerned, Corporate Operations and Talanx AG's departments. We share information and coordinate our activities with our subsidiary Hannover Re, which has drawn up its own sustainability strategy and publishes a separate sustainability report.

In financial year 2017, we set up the Responsible Investment Committee (RIC) – a new body designed to implement our ESG screening process for increasing investment sustainability (see also the section entitled "Sustainability of investments" on page 32ff.).

<sup>3</sup> The Talanx Group and Group companies are involved in various sustainability, corporate social responsibility (CSR) and good governance initiatives. In addition to the German Corporate Governance Code and Poland's "Best Practice of GPW Listed Companies" code, which governs companies that are listed on the Warsaw Stock Exchange, these include the Code of Conduct drawn up by the German Insurance Association (GDV) (this relates to the Retail Germany Division). Talanx is also a member of the Hannover Climate Alliance 2020, has signed up to the Diversity Charter and has joined the Global Insurance Chief Compliance Officers (CCO) Forum. Additionally, in 2016 Talanx became a member of the Fair Company Initiative (see the "Recruitment, Education and Training" management approach on page 45).

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).

<sup>1</sup> 102-18 | 102-20 |  
102-26 | 102-32

[www.talanx.com/~media/Files/T/Talanx/pdfcontent/konzern/nachhaltigkeit/talanx\\_commitment\\_en.pdf](http://www.talanx.com/~media/Files/T/Talanx/pdfcontent/konzern/nachhaltigkeit/talanx_commitment_en.pdf)

<sup>3</sup> 102-12

<sup>2</sup> 102-29 | 102-31 |  
102-32

## 3 DIALOGUE AND REPORTING

SDG 17

<sup>1</sup> 102-46 | 102-40 |  
102-42 | 102-43 |  
102-44

[www.globalreporting.org/standards](http://www.globalreporting.org/standards)

<sup>2</sup> 102-43

### MATERIALITY ANALYSIS

<sup>1</sup> In keeping with the GRI Standards, our sustainability report revolves around a materiality analysis. This is based on assessments provided by our relevant stakeholder groups and by Talanx itself. These assessments are obtained firstly by surveying stakeholders and secondly by asking the members of 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 Standards, we define as “material” as those topics that reflect the Group’s key economic, environmental and social impacts and/or that materially influence our stakeholders’ judgements and decisions. Material topics are used both as input for producing the sustainability report and as a vital component in enhancing our sustainability strategy and our sustainability goals.

#### IDENTIFYING SUSTAINABILITY TOPICS

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

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

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

#### STAKEHOLDER SURVEY AND PRIORITISATION OF TOPICS

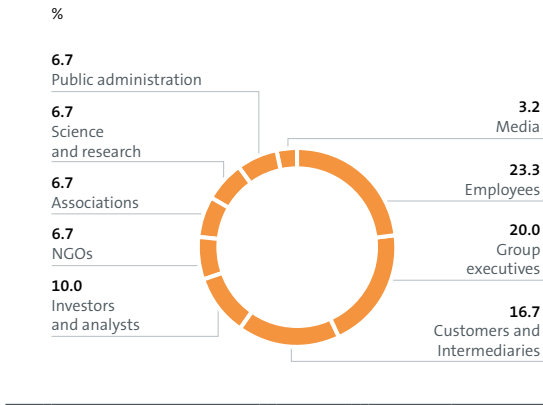
<sup>2</sup> The main way in which we include our stakeholder groups’ opinions is via our stakeholder survey, which we use to identify material topics for our sustainability strategy and sustainability report. Additionally, we take part in a number of ESG rating processes that are specifically tailored to sustainability-conscious investors and analysts.

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

We surveyed our key stakeholder groups – whose opinions were given a special weighting during the materiality analysis in that these groups represented a somewhat higher proportion of the survey sample – plus the other stakeholders who are relevant for the Talanx Group. 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 4 gives a breakdown of the 30 survey participants.

We plan to conduct another stakeholder survey in financial year 2018, and to revise our definition of materiality in line with the GRI Standards.

F4 **STAKEHOLDER SURVEY PARTICIPANTS**



Our performance metrics address dimensions above and beyond the purely financial perspective – specifically, these are market and customer viewpoints, the internal process perspective and the employee viewpoint. As a result, the concerns of various stakeholder groups are also taken into account during management of the Group (see also the “Performance management” section on page 26ff. of the Group Annual Report 2017). [↗](#)

[↗](#) Group Annual Report

**PRINCIPLES FOR DEFINING REPORT CONTENT**

We conducted our materiality analysis in accordance with the principles for defining report content set out in the GRI.

The next step was to ask the members of the Sustainability Competence Team to also assess the topics surveyed. The material topics and content as defined by the GRI were identified by combining the assessments provided by our stakeholders and our Sustainability Competence Team. In addition, the opinions of our key stakeholder groups played a decisive role in prioritising the topics. We also report on topics that these stakeholder groups consider to be particularly important.

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

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

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

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

**STAKEHOLDER INCLUSIVENESS**

<sup>1</sup> 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.

In order to ensure the materiality of the report content, we include topics that have been identified as particularly important on an aggregate basis both by the stakeholders surveyed and by Talanx’s internal Sustainability Competence Team. We also report on those topics that our key stakeholder groups consider to be particularly important. Details of these topics can be found in the overview of material and additional topics on [page 20f.](#)

<sup>1</sup> 102-29 | 102-43

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

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

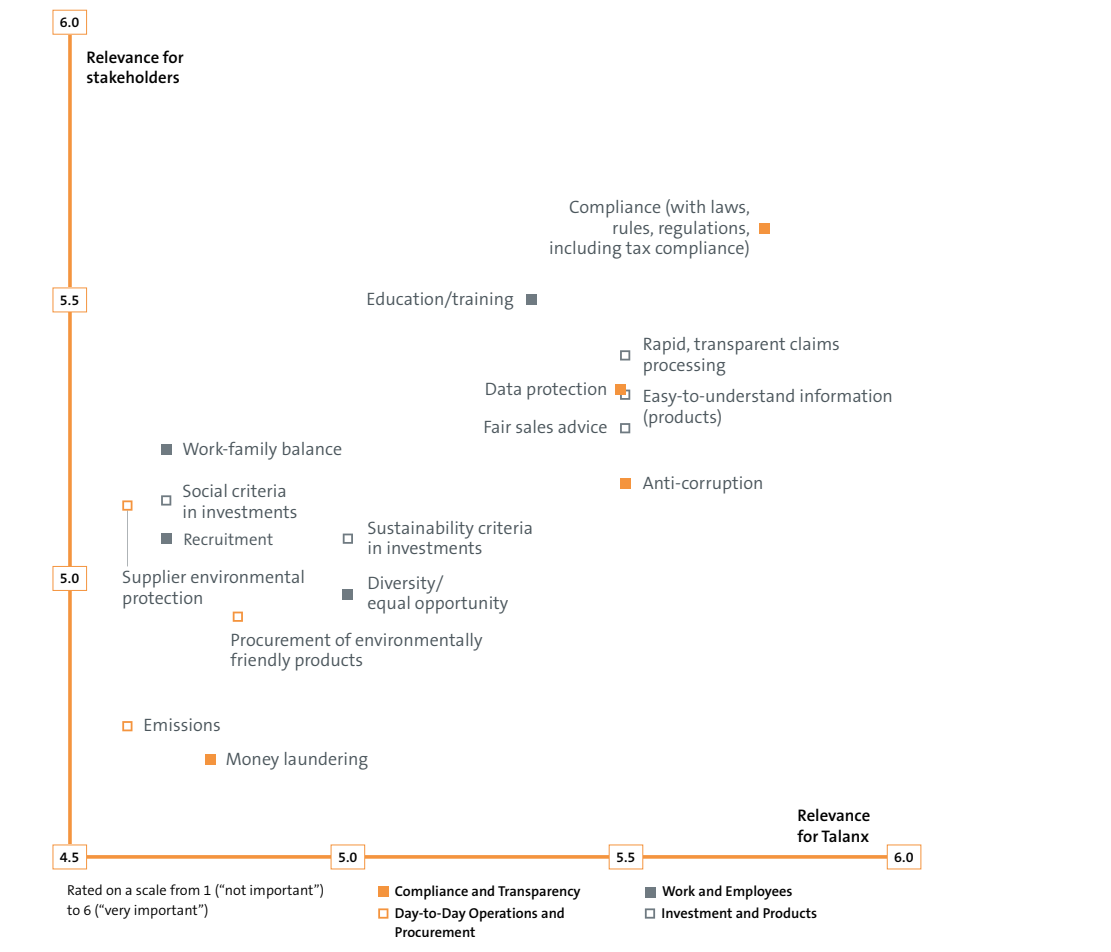
## TOPICS IDENTIFIED

The topics described in this report can be broken down into material and additional topics.

### MATERIAL TOPICS

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 5 shows all the topics that received an aggregate rating of 4.5 or more from the stakeholders surveyed and the Sustainability Competence Team (this corresponds to a rating of between “relatively important” and “very important”).

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



The materiality matrix shows that our stakeholders and the Sustainability Competence Team both give many topics similar ratings. For example, the two groups both rank compliance in the narrower sense the highest. This is followed by a number of product-related topics that have a bearing on customer interests, as well as education and training, and anti-corruption. Next come personnel-related topics, such as achieving a work-family balance and diversity. Other topics rated as material include sustainability criteria for investment screening, and ecological criteria 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 TOPICS

Another focus is on the topics that our key stakeholders consider to be relevant. We have included these topics in the sustainability report as well in order to cater to the information needs of all our relevant stakeholders. Table 4 shows which topics are especially relevant for which stakeholder groups.

#### OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS


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

Table 4 also refers to the disclosures on the management approaches (“MAS”) for the topics and GRI indicators. We combined the management approaches recommended in the GRI to produce ten MAS that are specific to the Talanx Group (see also the GRI content index on page 78ff.).

<sup>1</sup>  102-47 | 103-1 |  
102-44

T4 OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS

Management approaches and material and additional topics	Especially important for			GRI indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
				102-13   102-18   102-22   102-23   102-24   102-25   102-35   102-16		
<b>Compliance and Transparency</b>						
Management approach – Compliance in the Narrower Sense				103-1   103-2   103-3		
■ Compliance in the narrower sense (with laws, rules and regulations, including tax compliance)	X	X	X	206-1   307-1   406-1   407-1   408-1   409-1   419-1	Entire Group	Customers, business partners, suppliers
Management approach – Anti-corruption and Anti-money Laundering				103-1   103-2   103-3		
■ Anti-corruption	X	X	X		Entire Group	Customers, business partners, suppliers
■ Anti-money laundering and prevention of terrorism financing	X	X	X	205-1   205-2   205-3   206-1	Entire Group	Customers, business partners, suppliers
Management approach – Data Protection				103-1   103-2   103-3		
■ Data protection	X	X	X	418-1	Entire Group	Esp. customers, plus business partners and suppliers
<b>Investment and Products</b>				102-11   102-29   102-31   201-2   203-2   FS6		
Management approach – Sustainability of Investments				103-1   103-2   103-3		
■ Inclusion of sustainability criteria in investment selection	X	X	X			Capital market participants
■ Consideration of social criteria in investments	X		X	201-2   203-2   412-3   FS11	Asset Management/ Investment	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	203-1   203-2	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
Management approach – Sustainability of Insurance Products				103-1   103-2   103-3		
■ Easy-to-understand information about insurance solutions	X	X	X		All divisions (esp. product development, sales)	Customers, intermediaries
■ Financial incentives for fair sales advice	X	X	X	102-2   102-43   102-44   417-1   417-2   417-3   419-1	All divisions (esp. product development, sales)	Customers, intermediaries
■ Rapid, transparent claims processing	X	X	X		All units, esp. customer and contract service, claims management	Customers, intermediaries
Support for environmentally friendly products/projects/technologies	X		X		All units	Customers, environment as a whole
Support for a healthy lifestyle	X	X	X	203-2   FS7   FS8	Retail divisions	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

T4 OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS

Management approaches and material and additional topics	Especially important for			GRI indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
<b>Work and Employees</b>				102-8   102-41   401-2		
Management approach – Recruitment, Education and Training				103-1   103-2   103-3		
■ Education and training	X	X	X	404-1   404-2   404-3	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners
■ Recruitment and access to talent	X	X	X	202-1   202-2   401-1	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners
Management approach – Diversity and Family Friendliness				103-1   103-2   103-3		
■ Diversity and equal opportunity	X	X	X	405-1   405-2   406-1	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
■ Work-family balance	X	X	X	401-3	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
Management approach – Occupational Health and Safety				103-1   103-2   103-3		
Occupational health and safety	X		X	403-2   403-3	Entire Group, Internal Services, employees	—
<b>Day-to-day Operations and Procurement</b>						
Management approach – Day-to-Day Operations and Procurement				103-1   103-2   103-3		
■ Emissions	X	X	X	305-1   305-2   305-3   305-5	Esp. Purchasing, Internal Services, entire Group	Suppliers
Energy consumption	X	X	X	302-1   302-3   302-4	Esp. Purchasing, Internal Services, entire Group	Suppliers
Materials used	X	X	X	301-1   301-2	Esp. Purchasing, Internal Services, entire Group	Suppliers (of operating materials)
Water consumption	X		X	303-1	Internal Services, entire Group	Suppliers (of operating materials)
Waste	X		X	306-1   306-2	Esp. Purchasing, Internal Services, entire Group	Suppliers
■ Supplier environmental protection	X		X		Esp. Purchasing	Suppliers
■ Procurement of environmentally friendly products	X	X	X	308-1   308-2	Esp. Purchasing	Suppliers (of operating materials)
Supplier labour practices	X		X		Esp. Purchasing	Suppliers
Observance of human rights by suppliers	X		X	407-1   408-1   409-1   414-1   414-2	Esp. Purchasing	Suppliers
Procurement of socially acceptable products	X		X		Esp. Purchasing	Suppliers (of operating materials)
Regional sourcing	X		X	204-1	Esp. Purchasing	Suppliers, local area/region
<b>Corporate Citizenship</b>						
Management approach – Corporate Citizenship				103-1   103-2   103-3		
Employee volunteering	X		X		Entire Group, including Human Resources, employees	Charitable initiatives/ organisations, local area
Support for charitable projects	X		X	201-1	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

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[hdi-museum.talanx.com/hdi-museum](http://hdi-museum.talanx.com/hdi-museum)

[www.talanx.com/~media/Files/T/Talanx/pdfcontent/broschueren/corp\\_gov\\_en.pdf](http://www.talanx.com/~media/Files/T/Talanx/pdfcontent/broschueren/corp_gov_en.pdf)

[www.talanx.com/karriere/talanx-als-arbeitgeber/unternehmenskultur](http://www.talanx.com/karriere/talanx-als-arbeitgeber/unternehmenskultur)

1 Sustainability Goal

### VALUES AND PRINCIPLES OF CONDUCT

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

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 the section entitled "Corporate Governance" on page 6) every year. An annual declaration on the corporate governance rules set out in the "Best Practice of GPW Listed Companies" code (Poland) is also issued. In addition, Talanx AG's internal Corporate Governance Principles are regularly revised.

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

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 the "Recruitment, Education and Training" management approach on page 45ff.).

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. HDI Seguros S.A. In Mexico won the first award.

This year, 27 proposals were submitted by Group companies worldwide to the jury, which was made up of members of all the divisional boards of management. The 2017 Talanx Values Award went to HDI Versicherung AG in Austria for its wide-ranging international values campaign. Among other things, this comprised a cross-divisional ideas workshop and a workspace design for Austria, the Czech Republic, Hungary and Slovakia that reflects the Group's values.

How far these values among other things have already got the Group can be seen from the **HDI Museum** at HDI-Platz 1 in Hannover. Opened in 2016, the 140 square metres of 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 present 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 the "Compliance in the Narrower Sense" management approach in the next section and the section entitled "Sustainability of Insurance Products" (page 32ff.) for information on the GDV's Code of Conduct for Insurance Distribution.

Talanx met the goal it had set itself for 2017 of reviewing its compliance rules and guidelines with the aim of analysing whether and how these could sensibly be extended to include additional sustainability criteria. In particular, the foreword to Talanx's Code of Conduct has already been expanded to include a voluntary obligation to act in a forward-looking, reliable, fair and open manner. In addition, Talanx has drawn up framework guidelines specifying the professional and concrete criteria that must be met by its governing bodies in order to ensure the undertaking's long-term business success.



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

**1** **Materiality:** “Compliance” can be defined as the sum total 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 material topic for the Talanx Group because legally correct, responsible and ethical conduct is a vital basis for the trust placed in the Group and for its competitiveness. In addition, lawful conduct prevents the economic, social and personal losses and damage that could be caused by tax offences or anti-competitive behaviour, for example. The Talanx Group’s definition of compliance therefore explicitly goes beyond the merely formal observance of rules and regulations, and actively incorporates provisions from the areas of environmental and social legislation.

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

**Impacts:** Compliance in general means the observance of, or adherence to, laws and regulations and its main objective is to avoid negative impacts caused by these being breached. At the same time, however, the Talanx Group aims to use the “Compliance and Transparency” action area to provide information and make disclosures on the topics of compliance and corporate governance. This enhances transparency within the Group and improves comparability with competitors.

**2** **Measures and guidelines:** The Talanx Group’s Code of Conduct gives concrete form to the Talanx Values and sets out the key principles and rules that apply 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. Clients, employees and stakeholders can access it publicly on our website [🔗](#).

The Code of Conduct is supplemented by a set of more concrete **Compliance Guidelines** and other information and explanatory documents, which are available on the intranet. The Compliance Guidelines provide detailed guidance on the content of the principles set out in the Code of Conduct, which serve as minimum standards throughout the Group.

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

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 regulatory trends at an early stage and respond to them appropriately, in the spirit of good corporate governance.

**SDG** 16 | 17

**2** 103-2

**1** 103-1

[www.talanx.com/corporate-governance.aspx?sc\\_lang=en](http://www.talanx.com/corporate-governance.aspx?sc_lang=en)

[globalccoforum.org](http://globalccoforum.org)

<sup>2</sup> 206-1 | 419-1

In addition to the compliance rules, the Group-wide compliance management system is based on compliance communication and compliance training. Under the training and communication policy developed in 2017, employees are given regular training on a number of compliance topics using a mix of classroom and web-based modules. The goal is to enable employees to refresh, broaden and deepen their knowledge of and expertise in selected compliance topics. New employees are regularly briefed on these issues as part of their induction events. 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.

<sup>3</sup> 307-1

<sup>4</sup> 103-2

<sup>5</sup> 103-2

<sup>6</sup> 412-1

<sup>1</sup> 103-2 | 103-3

**Responsibilities:** The Talanx Group's compliance structures have been continuously refined and enhanced over a decade. The **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, for following up on indications of, and any actual, compliance breaches, for organising internal training and for questions relating to corporate governance within the Group. In addition, detailed advice is provided on compliance-related groups of topics where necessary. At Group level, the Compliance organisation is supported by a large number of local compliance officers across the world, who were appointed in the foreign subsidiaries belonging to the various divisions.

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

<sup>2</sup> 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 2017. 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, HDI Assicurazioni and HDI Austria. For information on cases in connection with products, see the [📄](#) section entitled "Easy-to-understand information about insurance solutions" (page 37ff.).

<sup>3</sup> 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, HDI Assicurazioni and HDI Austria.

<sup>4</sup> In Germany, we are not aware of any grievances about labour practices last year. The same applies to HDI Assicurazioni and HDI Austria. As at 31 December 2017, there were a total of 6 (6) 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.

<sup>5</sup> There were no known grievances about impacts on society in the Retail Germany Division or the Industrial Lines Division in Germany in 2017. Similarly, the WARTA Group, HDI Assicurazioni and HDI Austria are not aware of any such grievances.

## RESPECT FOR HUMAN RIGHTS

<sup>6</sup> 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 2017 to prevent forms of modern slavery and human trafficking:

As an international group with more than 20,000 employees worldwide, we are aware of the obligations towards our employees and business partners resulting 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 \(page 23f\)](#) and the [whistle-blower 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 the [section entitled “Procurement and Suppliers” on page 70ff.](#)).

<sup>1</sup> The greatest leverage that can be derived from our business comes from our role as an investor. For this reason, we introduced an ESG screening process in the reporting period. As part of this – and depending on strategic allocation changes – almost 90% of all Talanx Group investments under own management are communicated to our service provider and the investments are rated, to the extent that a rating exists. Screening covers checking for compliance with sustainability criteria in the areas of human rights, labour standards, environmental protection and anti-corruption (see also the [“Sustainability of investments” section on page 32ff.](#)).

<sup>2</sup> „Mutual trust and open communication” are one of our 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 focusing not only on compliance in the narrower sense of the word but also on human rights issues in the Talanx Group 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” on page 23ff.](#)).

It is not possible at present to give the precise number of hours spent attending training.

## ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

### ANTI-CORRUPTION

<sup>3</sup> **Measures and guidelines:** Preventing corruption is an essential part 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. Moreover, general and specific work instructions exist to provide employees with specific rules of conduct on, among other things, avoiding and disclosing conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; and stakes in other companies and participations in transactions.

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

In 2017, the compliance risk analysis procedure was revised. Compliance risk is identified using a process that features both top-down and bottom-up elements. **Corruption** is a material compliance risk category. The units in the divisions draw up a compliance risk profile documenting the individual risks involved, which is then checked for plausibility using interviews with experts. This led, among other things, to additional anti-corruption measures being included in the compliance plan for 2018.

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.


8 | 10 | 16

<sup>3</sup> 103-2


<sup>1</sup> 412-3

<sup>2</sup> 412-2

<sup>1</sup>  415-1

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

<sup>2</sup>  205-1


<sup>2</sup>  The revised 2017 version of the process for identifying compliance risks also provides for compliance risk maps to be drawn up and used to derive risk-specific measures that are then included in the compliance plan. This also applies to those risks that are assigned to the core compliance topic of anti-corruption. Implementation of the anti-corruption measures specified for the Group is continuously monitored. Relevant examples of **corruption risk** include allegations of bribery and corruption and of the acceptance and granting of benefits in connection with invitations and gifts, purchasing and tendering, and donations and sponsorships, as well as in relation to remuneration structures, and in connection with sales partners. In addition, corruption risk is regularly audited in the Group as part of the internal audit plan.

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 relation to the topics 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 topics such as dealing


<sup>3</sup>  205-2

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 Assicurazioni regularly monitors the ability 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. In addition, it prohibits behaviour that conflicts with legal requirements or corporate values. Employees of HDI Assicurazioni and the Group's suppliers and intermediaries must sign a document confirming that they comply with the valid version of the Code of Ethics.

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

In 2014 and 2015, a mandatory web-based training course on compliance, which also covers the topic of 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. In 2017, the training was revised to accommodate constantly changing user requirements and provide a state-of-the-art, user-friendly format. The relevant staff groups were also trained in a number of classroom-based training sessions. Our foreign subsidiaries also provide their staff with extensive e-mails on anti-corruption procedures; this is done regardless of their employee category or where they are located. In addition, in-depth modules are provided via the various e-learning platforms. These use practical examples to illustrate the topics and compulsory questions to reinforce the lessons learned.

<sup>1</sup>  Talanx, the WARTA Group, HDI Assicurazioni and HDI Austria are not aware of any confirmed material cases of corruption in financial year 2017.


#### ANTI-MONEY LAUNDERING AND PREVENTION OF TERRORISM FINANCING


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

<sup>2</sup>  **Results and monitoring:** Adherence to anti-money laundering requirements and the prohibition on forbidden financing are covered by the monitoring guidelines forming part of the general compliance regulations. As a result, this area is also reviewed by Group Corporate Office/Compliance and is included in the regular audits by Group Auditing. Continuous content reviews of the applicable compliance rules and regulations are performed and revisions made where necessary (see also the section entitled "Compliance in the Narrower Sense" on [page 23ff.](#)).

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

#### DATA PROTECTION

<sup>3</sup>  **Materiality:** Insurers and their intragroup service providers collect, process and store large volumes of personal data. These data are needed during the application process, to provide advice to customers, in underwriting, in customer and contract services, and in claims and payment management. Additionally, personal data are collected, processed and stored in connection with human resources management, shareholders and the funds business, among other things. Personal data are also transferred to external recipients (mainly service providers) in order to enhance the efficiency of the services provided. At the same time, external recipients must be seen as part of processing operations, e.g. in the case of brokers, appraisers, reinsurers, etc. It goes without saying that the data protection requirements for the transfer of personal data are observed.

<sup>4</sup>  **Measures and guidelines:** In 2016, work began on reviewing and adapting the Group's data protection requirements to ensure compliance with the provisions of the EU's General Data Protection Regulation. This European data protection framework will supersede current German, EU and other national European legislation on the subject as from May 2018. The General Data Protection Regulation will also create a common data protection framework for those of our branches and subsidiaries that are domiciled within the EU/the EEA. To a certain extent, supplementary

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<sup>3</sup>  103-1

<sup>1</sup>  205-3

<sup>4</sup>  103-2

<sup>2</sup>  103-3

national legal requirements must also be observed. Among other things, the new data protection legislation increases customers', shareholders' and employees' rights. At the same time, it extends companies' obligations and adds new requirements in some cases. Substantially higher fines can also be imposed.

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

Information on data protection is also found in the **Group Data Protection Guidelines** and work instructions; these apply to the Talanx Group including its subsidiaries and establishments 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 it 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) where the provisions of section 4f of the BDSG are met. 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 granted on request. Customers and business partners can find the contact details for Group Data Protection on the websites. The department produces an annual activity report for the Board of Management of Talanx AG and the divisions providing information on the audits conducted, any weaknesses and defects revealed, and any organisational deficiencies that may still have to be remedied. Certain data protection events and circumstances are reported to senior management during the year.

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

**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.

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

<sup>1</sup>  103-3

<sup>2</sup>  In Germany, there were no material complaints about breaches of data protection requirements in 2017. 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, at HDI Assicurazioni or at HDI Austria in the same period.

<sup>2</sup>  418-1

## 5

INVESTMENT AND  
INSURANCE PRODUCTSSDG 1 | 3 | 4 | 9  
11 | 13 | 16MANAGEMENT OF IMPACTS, RISKS  
AND OPPORTUNITIES

1 203-2



## 1 INDIRECT ECONOMIC IMPACTS

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

2 102-11

Additionally, pre-emptive **risk minimisation** and loss prevention reduce the probability of losses and injuries, such as those from fires and industrial accidents. These aspects are essential in industrial insurance, for example. Among other things, this also protects employees' health and conserves natural resources. 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 when performing site assessments to evaluate potential risks from a variety of hazards.







Above and beyond this, our **hazard and risk analyses** aim to identify existential risk scenarios in all divisions and to take suitable measures to reduce these to a level that ensures the Company's continued existence. This applies to natural catastrophes (natcats), fire and explosion protection, and engineering and marine insurance, as well as to business interruptions, which in today's networked world may become more and more likely and take on an increasing order of magnitude. We also raise awareness of hazard assessments and of sensible emergency planning. We work together with other enterprises in bodies such as the GDV to draw up guidelines for the sustainable planning, establishment and operation of both plant and equipment and enterprises.

In addition, the Talanx Group has **social and environmental impacts**, in particular due to its  investments (page 32ff.) and its  insurance products (page 35ff.).

The Talanx Group also has **impacts as an employer**, since – as the third-largest insurance group in Germany with business links to more than 150 countries – it is a major employer and provider of education and training. We provide a considerable economic stimulus not only by employing people directly at locations throughout the world, but also by placing orders with (regional) suppliers and service providers. Additionally, our activities in the area of education and training extend above and beyond our core business, especially through the work of the Talanx Foundation and our support for student organisations (see the chapter entitled “Corporate Citizenship” on page 73).

2 APPLICATION OF THE PRECAUTIONARY  
PRINCIPLE

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

- overall, the **ecological** impacts of the production of insurance cover are lower than those of production processes in other sectors. Nevertheless, we want to minimise the negative impacts that our business activities have on the environment. For further details, see the  chapter entitled “Day-to-Day Operations and Procurement” (page 60ff.). The remaining sections in this chapter address how ecological topics are incorporated into our core business
- risk management comprises the identification, assessment, analysis, management and control of **risks** (see the section entitled  “Risk management” on page 31)
- the  “Focus on customers” section (page 36ff.) primarily addresses **customer** education
- in addition, the Group's internal  **Code of Conduct** (page 23f.) applies, and
- the Talanx Group and the companies belonging to it are members of **associations**  (page 8). Furthermore, a number of units within the Group are involved in **stakeholder communication** (see the following section on risk management and the  materiality analysis on page 16ff.).




## 1 RISK MANAGEMENT

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

Our corporate goals and guiding principles 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 already set out in our business strategy.

We use appropriate simulation models and processes to identify, quantify and manage risks and to determine risk capital requirements. Information on qualitative risks is compiled systematically using a Group-wide risk capture system. Risks spanning multiple divisions, such as compliance risks, are addressed by involving the areas or experts concerned. To ensure that all risks are identified, they are compared with a comprehensive risk categorisation system that is specifically tailored to Talanx and that is used as the basis for risk identification. In addition to this software-based risk identification procedure, the 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.

Detailed information on risk management, and in particular on the roles played by key figures in the risk management process, can be taken from the  risk report in the Group Annual Report 2017, and especially from the following sections:

- "Risk strategy", page 112
- "Implementation of the Risk Management System within the Group", page 116ff.
- "Risk management process and communication", page 118ff. and
- "Risk profile", page 122ff.

## 2 RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

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

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

1  102-29

 Group Annual Report

2  201-2

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 35ff.](#))

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

## SUSTAINABILITY OF INVESTMENTS

**1** **Materiality:** In addition to the Talanx Group's direct impacts (such as energy consumption), the leverage offered by our business – and particularly our investments – has considerable potential for contributing to sustainable development. The Group's investments under own management totalled EUR 107.9 (107.2) billion at the end of financial year 2017, while its total investments amounted to EUR 118.7 (118.9) 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 topic for Talanx.

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

**Impacts:** When making investments, the Group aims on the one hand to minimise potential negative impacts, for example by not investing in certain countries or business areas. On the other hand, it 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”](#) on [page 33f.](#)

**2** **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”](#) on [page 34f.](#)

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 criteria 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.

**2** **103-2**


**SDG** 1 | 3 | 4 | 7  
8 | 9 | 11 | 13

**1** **103-1**


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




**Responsibilities:** Investment services at the Talanx Group are provided by Corporate Operations and within this segment by three companies: **Ampega Investment GmbH, 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. Its team of infrastructure investment specialists is particularly worth mentioning. Talanx Immobilien Management GmbH looks after the Talanx Group's real estate investments.

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

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

In addition, external evaluations provide relevant feedback for assessing specific financial products. We also obtain stakeholder feedback on material topics and on the measures we are taking and the progress being made, in the course of our regular stakeholder dialogue (see also the  "Materiality analysis" section on [page 16ff.](#))

#### SCREENING OF INVESTMENTS FOR ECOLOGICAL AND SOCIAL CRITERIA

**2**  When making investment decisions, the Talanx Group aims on the one hand to avoid potential negative impacts by not investing in unsustainable issuers. To do this, we developed a Group-wide **ESG screening process** in 2016 and implemented **1**  it at the beginning of financial year 2017. On the other hand, the Talanx Group aims to promote positive impacts overall (for further details, see the section entitled  "Infrastructure investments" on [page 34](#)).

**1**  103-2 | 103-3

**2**  412-3 | F511



**1**  Sustainability Goal

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

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

## INFRASTRUCTURE INVESTMENTS

<sup>1</sup>  203-1

<sup>1</sup>  Talanx has already been indirectly invested in infrastructure projects for some time via funds. The Group has systematically built up its expertise in this area in recent years and, since the beginning of 2014, has also participated directly in selected projects, supplying both equity and debt via a new, specialised unit. At present, our diversified infrastructure portfolio includes, among other things, finance for wind and solar farms, power grids and public-private partnership (PPP) projects in Germany and the rest of Europe (see also the  “In focus” section on [page 43](#)).

<sup>1</sup>  Sustainability Goal


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

As of the end of 2017, Talanx had invested a total of approximately **EUR 2.0 (previous year: 1.5) billion in infrastructure projects**. Building on the basic structure of the Gode Wind 1 transaction that was implemented in 2015, Talanx again successfully acted as the lead investor in 2017 for a group of institutional investors and banks that underwrote a bond to finance an offshore wind farm. The project bond for **Borkum Riffgrund 2** has a total volume of EUR 832 million and was subscribed by a double-digit number of investors from six countries. It was used to finance the 50 per cent stake taken by Global Infrastructure Partners (GIP) in the wind farm owned by Danish energy provider Ørsted (formerly DONG Energy); the value of the transaction was EUR 1,170 million. The bond has a term of approximately 10 years. This is the second successful large transaction to be lead-managed by Talanx following its successful financing of the Gode Wind 1 offshore wind farm in 2015.

Our long-term goal is to continue the **sectoral diversification** of our infrastructure portfolio <sup>1</sup> .


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

## SUSTAINABILITY OF INSURANCE PRODUCTS

**1**  **Materiality:** When it comes to the “sustainability of insurance products” group of topics, rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions are material for the Talanx Group. These topics 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.



**Topic Boundary:** Customer interests and customer 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 stakeholder 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.

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

Nevertheless, the potential indirect ecological and social impacts of the insurance business on sustainable development, such as any consequences that insured projects may have, must be borne in mind. In line with this, Talanx's long-term goal is to incorporate sustainability criteria into its insurance products and services to a greater extent **1** . 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.


**2**  **Measures and guidelines:** The Talanx Group already has a large number of measures and guidelines in place covering the material topics of rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions (see the  “Focus on customers” section below and the “Ecological and social impacts of products” section on page 40ff.).


 1 | 3 | 4 | 8  
10 | 13

**1**  103-1

 Sustainability goal

**2**  103-2

**Responsibilities:** Group-wide requirements governing the organisation of the insurance business and the design of insurance products include the Code of Conduct, which sets the standards for responsible and ethical behaviour and specifies the rules to be observed in relation to topics such as financial sanctions and embargoes, anti-money laundering and sales compliance. Comprehensive compliance training is held, with a particular focus on sales compliance and preventing corruption (see also the  “Compliance in the Narrower Sense” management approach on [page 23f](#)). In addition, sector-specific initiatives such as the GDV’s Code of Conduct for Insurance Distribution play a key role in the insurance business (see also the see the “Focus on customers” section below).


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

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) conducted 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 pilot customer satisfaction survey that was successfully performed in 2016 at the end of the loss adjustment process at HDI’s third-party liability, accident and property claims unit and its motor vehicle claims unit, complementing the regular satisfaction survey by MSR. Clients received a questionnaire by e-mail that measured 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. 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. The NPS is over 30.


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.

 103-2 | 103-3

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

## FOCUS ON CUSTOMERS

 102-43 | 102-44

**2  A variety of tools are used to assess customer satisfaction.** The Retail Germany Division performs customer satisfaction surveys at a number of different customer contact points using a measurement and management system that was introduced in 2012. In addition, cross-divisional pilot surveys have been conducted; ideally, these will lead in future to a uniform survey methodology and uniform basic questions (in addition to division-specific surveys


The WARTA Group also takes a large number of steps to ensure a high level of service for customers and insurance intermediaries. It 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 2017, the NPS was again approximately 32, in excess of the ambitious target of 30.

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 2017, WARTA again commissioned an independent research institute to perform a telephone-based customer satisfaction survey of a representative group of 1,004 (previous year: 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. As in the past, the WARTA Group's goal is to be the first choice for recommendations by intermediaries and brokers.



Among other things, HDI Assicurazioni uses complaints submitted to the company to measure customer satisfaction. In the life insurance area, the ratio of the number of complaints received in 2017 to the number of policies resulted in a "complaints rate" of 0.06%. The property/casualty line assesses the appropriateness of claims management by calculating the ratio of complaints in this line to premiums earned, expressed in millions of EUR (1.30). The resulting ratio is below the figure for the market as a whole (2.6%). In motor third-party liability insurance, HDI Assicurazioni's share of total complaints received by the entire motor third-party liability insurance market (0.7%) 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.

HDI Austria is also regularly praised by customers for the quality of its service. Apros Customer Care Services awarded HDI its Apros Service Award in 2016 for coming first in its "Customer service – insurance" category. The scores for the companies tested are based on a total of 145,000 evaluations by mystery testers. In addition, self-employed insurance intermediaries gave HDI Austria excellent marks for product quality, premium amounts, loss adjustment,

flexibility, policywriting and support. In 2017, this led to it being the only insurer to be awarded five stars (= "excellent") in the "motor third-party liability" and "comprehensive insurance" categories of the  Assekuranz Award Austria.

 [www.assekuranzaward.at/](http://www.assekuranzaward.at/)

#### EASY-TO-UNDERSTAND INFORMATION ABOUT INSURANCE SOLUTIONS

 <sup>1</sup> The Regulation on Information Obligations for Insurance Contracts (vVG-InfoV) imposes extensive duties to inform customers on the insurance industry, and Talanx naturally complies with these. Above and beyond this, providing easy-to-understand information about insurance solutions is a key part of the  German Insurance Association's Code of Conduct for Insurance Distribution. The revised Code aims to present a sector-wide standard for fair, needs-driven customer advice.

 417-1

 [www.gdv.de/de/themen/news/verhaltenskodex-fuer-den-vertrieb-11518](http://www.gdv.de/de/themen/news/verhaltenskodex-fuer-den-vertrieb-11518)

The Code's first principle **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 Group companies ensure, for example, that its products are clear and understandable is by using a product/consumer information sheet. This sheet scores positively on the Hohenheimer Verständlichkeitsindex, a German readability index. The general terms and conditions for insurance policies, the annual life insurance policy statements and the sample calculations for life insurance are also based on the GDV recommendations. 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. For example, in some cases banking partners' requirements already exceed those contained in the Code of Conduct.

The Code's second principle states that advisory and brokerage activities must focus on **customer needs**, in particular in order to preserve customer trust. We therefore oblige our tied agents to put ascertaining these needs during consultations at the heart of their brokerage activities. In addition, consultations have to be carefully documented using standardised report forms. This is monitored by Complaints Management. Confirmation from customers that they have received a record of the advice provided is an integral part of our application/contract documentation. 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. A sales compliance management system was developed and implemented by HDI Versicherung AG, HDI Lebensversicherung AG and our bancassurance companies in 2016 to ensure that the Code is properly implemented.

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

Above and beyond this, Talanx helps promote financial education through the Talanx Foundation, among other things. This awards scholarships to students of insurance-related subjects; see also the [“Corporate Citizenship”](#) management approach on [page 73](#).

<sup>1</sup> [417-2 | 102-2](#)  
[417-3 | 419-1](#)

<sup>1</sup> Talanx is not aware of any cases in the reporting period in which regulations or codes of conduct relating to product information or labelling were not complied with. The same applies to the sale of prohibited or controversial products and to failure to comply with regulations or voluntary codes relating to advertising.

The Group companies' normal business activities may involve them in court and regulatory proceedings as well as arbitration cases. In the reporting period and at the reporting date there were no legal disputes, other than proceedings that are customary to the insurance and reinsurance business, with a material impact on the Group's net assets, financial position and results of operations. See also the [“Litigation”](#) section of the Group Annual Report 2017 (page 265).

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

There were two relevant legal cases ongoing at HDI Assicurazioni in 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 2016, but the case was appealed to the Regional Administrative Court (T.A.R.) for the Latium region. The first hearing has been set for 18 July 2018.



In addition, HDI Assicurazioni was fined by the Italian Insurance Supervisory Authority (Istituto per la Vigilanza sulle Assicurazioni, IVASS) in 2016. This was primarily due to failure to comply with a deadline set in the Italian Insurance Act in connection with compensation offers for motor insurance. The total fines amounted to EUR 65,800.

There were no consumer interest cases pending at HDI Austria in recent years.

#### RAPID, TRANSPARENT CLAIMS PROCESSING

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

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 tried-and-trusted 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.

HDI Austria has implemented a service level agreement (SLA) for loss adjustment that ensures contact is made rapidly with customers using the channel they have specified (e.g. by e-mail or phone). Motor claims inspections are performed by independent appraisers from the ÖAMTC, the Austrian Automobile, Motorcycle and Touring Club.

### 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" on page 22ff.). Sales compliance is also covered by the Code, as well as being the subject of extensive compliance training.

In order to ensure that intermediaries have the necessary qualifications and expertise required for advising customers, HDI has also been active in the "Gut beraten – Weiterbildung der Versicherungsvermittler in Deutschland" initiative since 2013 (the year it was launched). The campaign was set up 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. Preparatory work on the next appropriateness

review for the GDV Code of Conduct had already started at the end of 2017. The requirements of the EU's Insurance Distribution Directive (IDD), including the – known and in some cases still to be specified – delegated acts and the transpositions into national law, were analysed to the extent that they were already available and initial recommendations for implementation made. Large parts of the Directive and the provisions governing its transposition are already covered by the GDV Code of Conduct. Equally, at the bancassurance companies the measures already taken to implement the GDV Code of Conduct were used as the foundation for the IDD requirements that were already known, which were implemented in line with the statutory rules. The measures contained in the GDV Code of Conduct were also incorporated into standard operating practice at all companies that have signed up to the Code. We are continuing to drive forward implementation of the additional statutory requirements as a high priority in a follow-up project.

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.


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

### ECOLOGICAL AND SOCIAL IMPACTS OF PRODUCTS

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

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

HDI Lebensversicherung AG offers a quality-assured range of funds as part of its unit-linked annuity insurance. This selection also contains two sustainably managed funds: the Pioneer Funds – Global Ecology A EUR fund invests in environmental technology companies, while the fund managers for the terrAssisi Aktien I AMI fund use ethical criteria to select their investments. In addition, HDI has created proprietary portfolios such as the "Investment-Stabilitäts-Paket Zukunft" and the "Managed Fund Konzept Zukunft" for customers. Both portfolios invest exclusively in companies and bonds whose sustainability is reassessed at regular intervals. See also the section entitled  "Sustainability of Investments" on [page 32ff.](#)

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

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

Customers in the renewable energies, photovoltaics and solar cells areas are offered **marine insurance**. Our risk management staff also provide support for customers on how to secure loads, advise on packaging and assist in logistics planning. Among other things, this "start assist" service from our risk management experts ensures that

projects can qualify for insurance in the first place. Another example of a service above and beyond the insurance business in the narrower sense of the word is the range of publications and information produced by the Marine line, such as information for drivers about freight thefts. The line partners with a number of organisations, including customers and, most recently, the Lower Saxony State Office of Criminal Investigation (LKA) in order to prevent freight thefts, accidents and attacks, and to conserve resources.

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


**Engineering insurance** offers a wide range of insurance solutions that promote renewable energies, from onshore and offshore wind power projects through photovoltaics down to geothermal energy. The Industrial Lines Division also covers prototype development, such as tidal power plants. Insurance cover starts with construction and extends for many years of operation at the customer. In this way, Talanx Group companies such as HDI Global SE provide support for technologies that reduce CO<sub>2</sub> emissions and for the change in energy policy in Germany.

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

and other insurance companies and partners, HDI Global SE developed the "Offshore Code of Practice" (OCoP), which offers international guidelines for the offshore wind farm risk management process.

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

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

The Talanx Group's  Code of Conduct (page 23f.) 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.

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.

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, HDI Assicurazioni and HDI Austria 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.

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 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 and online sales. In addition, in 2016 the bancassurance companies expanded their

#### BUBBLE CURTAIN PROVIDES SPECIES PROTECTION

“Big bubble curtains” are being used to protect marine life when installing the foundations for the offshore facility. This environmental technology uses compressed air systems to generate bubbles that dampen the acoustic waves produced during construction.





Source: Ørsted

#### In focus

## TALANX INVESTS ROUGHLY EUR 2.0 BILLION IN INFRASTRUCTURE AND FINANCES A FURTHER OFFSHORE WIND FARM

Wind farms financed by Talanx generated 144 gwh of environmentally friendly power in 2017. This led to 89,171 metric tons of CO<sub>2</sub> savings – equivalent to the carbon emissions produced by 25,772 cars each year.

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

In December 2017, Talanx successfully lead-managed a consortium of institutional investors that underwrote a bond to finance an offshore wind farm for Danish utility company Ørsted. The Borkum Riffgrund 2 project bond has a total volume of EUR 832 million and a term of approximately 10 years. A total of 56 wind turbines are to be constructed for the Borkum Riffgrund 2 wind farm. Going forward, these can provide roughly 460,000 households with electricity. The turbines will be erected around 30 kilometres north of the island of Borkum and are scheduled to be completed in 2019. The aim is to obtain green bond certification, meaning that the bond will officially be rated as sustainable. This is the second successful large transaction lead-managed by Talanx following the financing of the Gode Wind 1 offshore wind farm in 2015.

**“Our financing of Borkum Riffgrund 2 is another step in our strategy of further increasing the weighting of infrastructure investments in our investment portfolio.”**

Dr Immo Querner,  
Chief Financial Officer, Talanx AG

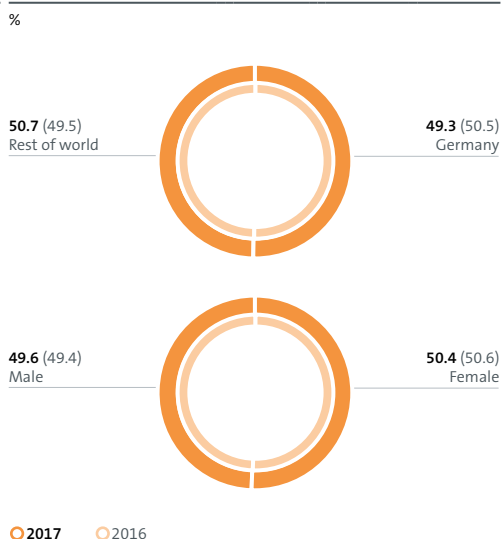
#### SELECTION CRITERIA FOR SUSTAINABLE INVESTMENTS

Infrastructure investments are mainly made in the eurozone and in regulated environments (e.g. regulation via statutory feed-in fees, incentive-based regulation and public-private partnerships). The focus is on projects from the transport, energy and social infrastructure sectors. Talanx aims to achieve a balanced mix of equity and debt in its investment activities.

## 6 WORK AND EMPLOYEES

The Talanx Group employed 21,604 (21,366) people worldwide as at the 2017 year-end, 10,651 (10,792) of whom were in Germany and 10,953 (10,574) in other countries.<sup>1)</sup> A total of 10,716 (10,551) employees were male and 10,888 (10,815) were female (see also Figure 6).

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



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

<sup>1)</sup> 102-8

<sup>1)</sup> The breakdown of the Talanx Group's workforce by region is given in Table 5.

T5 **WORKFORCE BY REGION AND GENDER**

Region	Number	%	Gender in % by region	
			Male	Female
<b>2017</b>				
Germany	10,651	49.3	52.7	47.3
Central and Eastern Europe including Turkey	3,527	16.3	41.5	58.5
South and North America	4,071	18.8	48.8	51.2
Rest of Western Europe	2,396	11.1	52.5	47.5
Other regions	959	4.4	41.7	58.3
<b>Total</b>	<b>21,604</b>	<b>100.0</b>	<b>49.6</b>	<b>50.4</b>

<b>2016</b>				
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
<b>Total</b>	<b>21,366</b>	<b>100.0</b>	<b>49.4</b>	<b>50.6</b>

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 6.

T6 **WORKFORCE BY EMPLOYMENT CONTRACT AND TYPE OF EMPLOYMENT<sup>1)</sup>**

Employees	Number	Male	Female
<b>2017</b>			
<b>Total</b>	<b>21,604</b>	<b>10,716</b>	<b>10,888</b>
Temporary	917	404	513
Permanent	20,687	10,312	10,375
Full-time	19,173	10,448	8,725
Part-time	2,431	268	2,163

<b>2016</b>			
<b>Total</b>	<b>18,645</b>	<b>9,281</b>	<b>9,364</b>
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

<sup>1)</sup> Comprises for the first time the entire Talanx Group including the Hannover Re Group; the figures for the current year thus cover 100% of the workforce (previous year: roughly 98.7%).

<sup>1)</sup> 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 6, 95.8% of Talanx Group employees have permanent employment contracts. A total of 11.3% (11.4%) of all employees work part-time.

In the Retail Germany Division, insurance is sold via insurance brokers, bank sales partners and cooperative arrangements with other businesses, as well as by tied agents with employees and by self-employed **commercial agents** working exclusively for HDI. All in all, 408 (452) commercial agents worked for HDI's tied agent operations at the 2017 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.

The following sections in this chapter contain detailed information on the **Talanx Group in Germany** (excluding the Hannover Re Group), the **WARTA Group**, **HDI Assicurazioni** and **HDI Austria**.<sup>1)</sup>

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

<sup>2</sup> A total of 92.0% (91.8%) of Talanx Group's employees in Germany (excluding Hannover Re) 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 and all HDI Austria employees located in Austria are covered by collective bargaining agreements. This corresponds to 89.8% of HDI Austria staff. The employees in the branches in Slovakia, the Czech Republic and Hungary are not covered by collective bargaining agreements. The same applies to the WARTA Group.

<sup>3</sup> A large number of **voluntary occupational benefits** are available in principle to all employees. In Germany, these comprise:

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

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

## RECRUITMENT, EDUCATION AND TRAINING

<sup>4</sup> **Materiality:** Competent, committed and entrepreneurial staff are a critical success factor for the Talanx Group. This means that recruitment, education and training are material topics for us. Our employees use their many and varied talents at our different Group companies to drive forward our business success and promote customer satisfaction. Our professional programmes assist in employee development and help staff continuously enhance their skills. These offerings also take developments such as demographic change, the decline in the size of the workforce and changes in the world of work into account. The Talanx Group uses a variety of strategic concepts to ensure it always has adequate numbers of talented young staff. These include dual training, dual-track degree programmes, and induction, graduate trainee and talent programmes.

<sup>3</sup> 401-2

<sup>1</sup> 102-8

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<sup>4</sup> 103-1

<sup>2</sup> 102-41




<sup>1)</sup> 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.

**Topic Boundary and impacts:** Human Resources is the main function within the Talanx Group responsible for employee topics, 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.

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


 201-3

**2**  A transparent management style aims at promoting a risk-conscious, high-performance culture among our employees. Our management tools and flat hierarchies assume a high degree of **individual personal responsibility**. In addition, the Talanx Group offers **performance-related pay, flexible working hours** where the job permits and attractive social benefits. The latter include occupational retirement provision, capital accumulation benefits, and holiday and Christmas bonuses. Group companies have generally made defined contribution or defined benefit pension commitments to their employees. Measured in terms of the sums involved, the majority of pension commitments are based on defined benefit plans. Additional information on the Talanx Group's pensions and other post-retirement benefits are to be found in the  Annual Report 2017 (see the section entitled "Provisions for Pensions and other Post-Employment Benefits" on page 239ff.). All these benefits are reflected in our moderate staff turnover rate and employees' long periods of service with the Group; see also the  section entitled "Recruiting and attracting talent" on page 48f.

 Group Annual Report

Initial professional training is a key component of our activities to **attract and retain new talent** in Germany. This can be seen from the consistently high number of vocational trainees who are taken on permanently after completing their courses, which has been 80% to 90% for years. Different companies within the Talanx Group offer a wide range of training options, from classic vocational training through to bachelor's degrees. In the period since 2005, we have won the InnoWard, the industry training award from the Berufsbildungswerk der Deutschen Versicherungswirtschaft e.V. (BVW – the German Insurance Association for Vocational Education and Training) six times in the "Initial Professional Training" category.

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

Identifying and developing the **next generation of managers and specialists** is another focus of our human resources development work. Potential candidates are prepared and qualified for their future work using individual **development and induction programmes**. As a result, management and specialist positions can largely be filled from within the Group's own ranks, assuming candidates are equally qualified; see also the  section entitled "Recruiting and attracting talent" on page 48f. This human resources policy offers career-driven high performers especially attractive prospects. In addition, we provide ongoing skills development measures aimed at expanding employees' professional knowledge and strengthening their personal skills. Employee reviews, feedback instruments and personal stocktaking exercises can also be used to enable staff to reflect on their own behaviour and adapt to changed requirements.

The **Talanx Corporate Academy** is an established, successful core tool for strategy implementation and cultural development within the Group. The programme teaches strategy issues to top managers from all divisions.


The Talanx Group's strategic revamp of its **university marketing** is focusing future activities on selected universities in order to attract suitable graduate recruits for the Group. In addition, the Hannover-based insurance companies and Leibniz University Hannover have launched the "House of Insurance" project as a joint centre of competence for research and teaching in the fields of insurance



economics, insurance mathematics and insurance law, with the aim of strengthening Hannover's position as a centre of the industry.

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.

**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.


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


**Responsibilities:** We need effective, efficient human resources processes and services to compete for the next generation of top talent and in order to meet the challenges posed by demographic change. Human resources support, human resources marketing, initial professional training and employee development are key components of our Group-wide human resources work. **The Spokesman** of 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 initiating the Group's human resources policy and the concepts behind its strategy in this area, and for developing and implementing leading-edge human resources activities. In addition, the department has specialists in the areas of human resources management (including support and human resources marketing), employment law, remuneration management, occupational pensions, human resources administration (including payroll administration and human resources controlling) and human resources development (including education and training, talent development and change management).

Other key tasks include ensuring at a strategic level that the Company recruits and retains talented young staff by offering dual training, dual-track degree programmes, and induction, graduate trainee and talent programmes. Responsibility generally extends to the Group companies in Germany with the exception of 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 responsibility for its own employees (see the chapter entitled  "Corporate Citizenship" on page 73).

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

 [www.faircompany.de](http://www.faircompany.de)

 Sustainability goal

 103-3

## RECRUITING AND ATTRACTING TALENT

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1 The tables below document the numbers of staff joining and leaving the company in the 2017 reporting period. Table 7 shows a breakdown of these employees by gender and Table 8 shows a breakdown by age, with the figures for Germany (excluding the Hannover Re Group), the WARTA Group, HDI Assicurazioni and HDI Austria being given separately in each case. In comparison, the section entitled “Diversity and equal opportunities” (page 53f.) gives a breakdown by gender and age.

## T7 NEW HIRES AND DEPARTURES BY GENDER

Gender	New hires		Departures	
	Number	% <sup>1)</sup>	Number	% <sup>1)</sup>
<b>2017</b>				
<b>Germany</b>				
Male	254	2.7	366	3.8
Female	180	1.9	332	3.4
<b>Total</b>	<b>434</b>	<b>4.7</b>	<b>698</b>	<b>7.2</b>
<b>WARTA Group</b>				
Male	161	6.4	96	3.8
Female	178	7.0	186	7.4
<b>Total</b>	<b>339</b>	<b>13.4</b>	<b>282</b>	<b>11.2</b>
<b>HDI Assicurazioni</b>				
Male	12	2.8	7	1.6
Female	21	4.9	7	1.6
<b>Total</b>	<b>33</b>	<b>7.7</b>	<b>14</b>	<b>3.2</b>
<b>HDI Austria</b>				
Male	13	4.6	7	2.5
Female	15	5.4	11	3.9
<b>Total</b>	<b>28</b>	<b>10.0</b>	<b>18</b>	<b>6.4</b>
<b>2016</b>				
<b>Germany</b>				
Male	209	4.1	399	7.6
Female	132	3.0	290	6.3
<b>Total</b>	<b>341</b>	<b>3.6</b>	<b>689</b>	<b>7.0</b>
<b>WARTA Group</b>				
Male	65	6.4	120	11.8
Female	113	7.3	188	12.1
<b>Total</b>	<b>178</b>	<b>6.9</b>	<b>308</b>	<b>12.0</b>
<b>HDI Assicurazioni</b>				
Male	15	5.8	22	8.5
Female	24	12.8	8	4.3
<b>Total</b>	<b>39</b>	<b>8.8</b>	<b>30</b>	<b>6.7</b>


<sup>1)</sup> Figures for 2017 calculated using average headcount figures. For 2016, the figures for the WARTA Group and HDI Assicurazioni were calculated as of the 31 December 2016 reporting date. The average headcount was used for Germany (excluding the Hannover Re Group).

## T8 NEW HIRES AND DEPARTURES BY AGE

Age	New hires		Departures	
	Number	% <sup>1)</sup>	Number	% <sup>1)</sup>
<b>2017</b>				
<b>Germany</b>				
Under 30	166	1.8	121	1.3
30–50	235	2.5	309	3.2
Over 50	33	0.4	268	2.8
<b>Total</b>	<b>434</b>	<b>4.7</b>	<b>698</b>	<b>7.2</b>
<b>WARTA Group</b>				
Under 30	134	5.3	59	2.3
30–50	187	7.4	156	6.2
Over 50	18	0.7	67	2.7
<b>Total</b>	<b>339</b>	<b>13.4</b>	<b>282</b>	<b>11.2</b>
<b>HDI Assicurazioni</b>				
Under 30	4	0.9	3	0.7
30–50	26	6.1	4	0.9
Over 50	3	0.7	7	1.6
<b>Total</b>	<b>33</b>	<b>7.7</b>	<b>14</b>	<b>3.2</b>
<b>HDI Austria</b>				
Under 30	13	4.6	9	3.2
30–50	14	5.0	5	1.8
Over 50	1	0.4	4	1.4
<b>Total</b>	<b>28</b>	<b>10.0</b>	<b>18</b>	<b>6.4</b>
<b>2016</b>				
<b>Germany</b>				
Under 30	131	13.2	151	15.2
30–50	190	3.5	288	5.3
Over 50	20	0.6	250	7.3
<b>Total</b>	<b>341</b>	<b>3.6</b>	<b>689</b>	<b>7.0</b>
<b>WARTA Group</b>				
Under 30	84	21.1	55	13.8
30–50	88	5.1	202	11.6
Over 50	6	1.4	51	11.7
<b>Total</b>	<b>178</b>	<b>6.9</b>	<b>308</b>	<b>12.0</b>
<b>HDI Assicurazioni</b>				
Under 30	14	82.4	6	35.3
30–50	24	9.3	16	6.2
Over 50	1	1.4	8	11.1
<b>Total</b>	<b>39</b>	<b>8.8</b>	<b>30</b>	<b>6.7</b>


<sup>1)</sup> Figures for 2017 calculated using average headcount figures. For 2016, the figures for the WARTA Group and HDI Assicurazioni were calculated as of the 31 December 2016 reporting date. The average headcount was used for Germany (excluding the Hannover Re Group).

Employee turnover for the Talanx Group in Germany amounted to 7.2% (7.0%), while for HDI Austria it was 6.4% and for HDI Assicurazioni it was 3.2% (6.7%). Turnover at the WARTA Group was 11.2% (12.0%). 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.

<sup>1</sup>  **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 0.4% (0.5%), while that for female employees is approximately 1.0% (2.6%). The Polish minimum wage requirements have changed frequently in recent years. Among other things, it has risen by 5.7% year-on-year to EUR 479.34 per month. The average entry-level salary for new staff in 2017 was 273% more than the statutory minimum wage. Bonuses received by employees above and beyond this are not included in this figure.

No statutory minimum wage regulations apply in Italy and Austria. A large proportion of staff in both countries are paid in accordance with various collective wage agreements, which are based on employee qualifications and length of service. HDI Versicherung AG (Austria)'s branches in Hungary, the Czech Republic and Slovakia are not governed by collective bargaining/wage agreements. However, entry-level salaries are always above the local statutory minimum wages.


<sup>2</sup>  Generally, 100% of senior executives in Germany and in Talanx's foreign subsidiaries are **recruited locally**. This group is defined in context as comprising the members of the relevant boards of management and the executives reporting directly to them. German managers are also seconded to perform certain management functions at locations abroad for limited periods as part of personal development measures. We are facilitating a growing number of exchanges of specialists and management

personnel between our German and foreign units as part of the Group's internationalisation strategy. We also regularly assign colleagues from subsidiaries and branches abroad to take part in key international projects within the Talanx Group, and these staff members then work temporarily in Germany as a result.

A total of 91 (87) management positions needed to be filled in Germany in the reporting period. Of these open positions, 59 (64.8%) were **filled by internal candidates** during the period; the relevant figure for the previous year was 70 (80.5%).

The average **period of service** for employees in the Talanx Group in Germany was 15.1 (14.8) years as at 31 December 2017. The relevant figure for the WARTA Group was 9.8 (8.9) years, while for HDI Assicurazioni it was 12.0 years and for HDI Austria it was 11.0 years.


## EDUCATION AND TRAINING

<sup>3</sup>  In Germany, a total of 19,750 days of **continuing professional development (CPD)** were devoted to specialist insurance seminars and sales training, methodological and behavioural training, specialist and management training, and language and IT courses in 2017. 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 1.1 days of CPD and employees in non-managerial positions approximately 2.3 days.

At HDI Austria, total CPD amounted to approximately 24 hours per person, while at HDI Assicurazioni the figure was roughly 15 hours – a clear increase compared to the previous year (roughly 11 hours). On average, the WARTA Group facilitated approximately 1.1 hours of training per employee in the reporting period.<sup>1)</sup>

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

1  404-2

1  Table 9 gives an overview of Talanx's skills management programmes and instruments in Germany.

T9 **SKILLS MANAGEMENT AT TALANX**

**Induction and development programmes**

Management Development Programme (MDP) – international <sup>1)</sup>

Talanx Executive Programme (TEP)

Divisional Development Programme (BEP)

Certified Project Manager Development Programme (EPP, Zert.)

Expert Development Programme (EPE)

First-time Manager Development Programme (EPF)

Talent Development Programme (PEP)

Graduate Trainee Programme (Industrial Lines)

**Human resources development instruments**

Personal stocktaking exercise

Coaching for specialists and managers

"Betrieb Leben" project workshop

Mentoring programme for women

360° feedback

Management training

**Specialist seminars**

See  404-1


<sup>1)</sup> The MDP is also open to employees in other countries.

SDG 5 | 8 | 10

3  103-1

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

2  404-3


2  Different companies have different tools and processes that managers use to hold regular feedback discussions with their staff, due to different works agreements. Naturally, our managers are also called on to regularly engage

in dialogue with their employees outside of formal staff reviews. Talanx's senior executives have annual reviews with their superiors as part of their goal-setting process. The review process is aligned with our Talanx Values (page 22) and has been used for senior (i.e. generally tier 1 and 2) executives throughout the Group since 2014.

Our foreign subsidiaries also perform regular reviews of employees and executives. For example, at HDI Austria all departmental heads are required to hold annual reviews with their staff. These serve as the basis for goals agreements, agreements on working hours, and for planning potential training measures. Managers also have employee reviews with the members of their respective divisional boards of management.

At HDI Assicurazioni, employee evaluations are performed every two years. Since such reviews were held with all employees in 2016, only isolated discussions were held with 2.2% of employees in the reporting period. Similarly, the WARTA Group also holds regular evaluations.


**DIVERSITY AND FAMILY FRIENDLINESS**

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


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

**Topic Boundary:** The topic of diversity affects each and every employee throughout the Talanx Group. Outside the Group it is relevant to the supply chain/value chain, e.g. it is important for (potential) job applicants, but also for customers and business partners with whom our employees are in, or make, contact.


**Impacts:** Employee diversity is part of our DNA. We cultivate a corporate culture of respect, appreciation and mutual acceptance. Talanx employs women and men from an extremely wide range of national, ethnic, religious and personal backgrounds and of different ages, as well as people with and without disabilities and with different sexual orientations. It is precisely this diversity that makes our heterogeneous Group successful. Therefore, for us diversity management means consciously encouraging employee diversity and **reaching as many potential applicants** as possible. At the same time, our actions can contribute to promoting acceptance and openness within society.

**1**  **Measures and guidelines:** The Group has already taken a number of measures to promote diversity, to prevent discrimination and to support our employees in their development regardless of their origins.

In 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 on dual-track degree programmes with experienced managers who act as mentors, encouraging their mentees’ development and sharing their own knowledge and experience. In addition, Talanx offers a number of **training seminars** that specifically prepare managers for dealing with the particulars of diversity in practice, e.g. when managing multinational and cross-generational teams. **Job rotation** helps further promote a culturally and ethnically international Group.

Talanx employs people with **international** roots and different **cultural** backgrounds. The Group is participating in the  **“Adelante!”** project, which enables EU citizens to receive vocational training at companies in Germany. 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 first young Spaniard who started his vocational training as an insurance and finance specialist at Talanx in 2015 has now almost completed his training. Two other vocational trainees started their one-year practical training period in Hannover on 1 January 2018. 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 other entities. In addition, the Group has two refugees undergoing vocational training at its Cologne location.

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 women and men can combine a job and a family as a matter of course. This is why we offer our employees **flexible working time models** and the **ability to work part-time**.

In addition, our family service supports parents by helping them to find suitable **childcare**. A further way in which we support parents of pre-school age children is by paying a monthly contribution towards their childcare costs. Since 1 January 2014, this has been granted to employees who resume working for a Talanx Group company in Germany (excluding Hannover Re) during or after the end of their parental leave. Since we recognise that the **ability to combine a career and a family** is important for our employees, we not only offer extremely flexible part-time working options but also allow staff to work from home during their parental leave period. As part of our efforts to improve the work-family balance, the employers at our Hamburg, Hannover and Hilden locations have all set up parent-and-child offices. These offer emergency support

 [www.wirtschaftsfoerderung-hannover.de/Aktuelles/Adelante](http://www.wirtschaftsfoerderung-hannover.de/Aktuelles/Adelante)

**1**  103-2

 [www.talanx.com/karriere/diversity](http://www.talanx.com/karriere/diversity)

 [www.charta-der-vielfalt.de/die-charta/](http://www.charta-der-vielfalt.de/die-charta/)

 [www.talanx.com/~media/Files/T/Talanx/pdfcontent/broschueren/corp\\_gov\\_en.pdf](http://www.talanx.com/~media/Files/T/Talanx/pdfcontent/broschueren/corp_gov_en.pdf)

to parents with short-term childcare problems (which can arise, for example, if their child minder is suddenly taken ill or lessons at school are cancelled at short notice). In this way, parents can look after children up to the age of 12 and work at the same time. In addition, a specified number of nursery care places are available for Talanx Group employees' children in Hannover. Starting in summer 2018, this offering will also be available at HDI Austria.


 Group Annual Report


 Sustainability goal

In 2017, a Group-wide concept for introducing mobile working was developed and then agreed and finalised with the internal stakeholders concerned. It is currently being piloted at our Cologne and Hannover locations. After the pilot projects have ended and the results have been evaluated, negotiations will be held in 2018 with the competent co-determination bodies on rolling out mobile working as a regular procedure.


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 and companies that are covered by co-determination requirements to set targets for the proportion of women on their supervisory boards and boards of management/among their managing directors, as well as at the two management levels below this, and to report on whether these targets have been met.



Under the act, Talanx AG's Supervisory Board was required to specify the proportion of women it was aiming for on the Company's Board of Management in the period up to 30 June 2017. The Supervisory Board set a target of 0% for the proportion of women on the Company's Board of Management for this period. This target had not been exceeded as at 30 June 2017. The proportion of women on the Company's Supervisory Board was specified as 30%, in line with the statutory requirements; it applies to any elections and new appointments to fill one or more seats on the Supervisory Board that become necessary as from 1 January 2016. There were no elections or new appointments in the reporting period. The quota will be taken into account in the elections of shareholder representatives that are scheduled to take place in 2018.

Moreover, under the act the Board of Management had to define a target quota for women on the two management levels below the Board of Management at Talanx AG in the period up to 30 June 2017. A target of 9.1% women was defined for tier 1 management and one of 28.6% for tier 2 management. As at 30 June 2017, the actual figures were 9.1% and 23.8% respectively. This means that the target for tier 1 management was achieved. The target for the second management level was not met due to internal restructuring measures and job changes. See also the  "Declaration on Corporate Governance and Corporate Governance Report" on page 87ff. of the Group Annual Report 2017.

In addition, in future Talanx aims  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 senior executives, support their mentees for a year. In addition, our Company has dedicated **development programmes** for management and specialist functions and project managers that are open to both women and men. Managers at Talanx are regularly made aware of the need to encourage and develop female employees with potential, so as to increase the proportion of women in management positions in the long term. Additionally, a women's network, **Frauen@Talanx**, aims to promote informal contacts among female specialists and managers at all levels of the corporate hierarchy. Talanx's women's network has independently set itself the goal of giving our Group's female employees a platform for networking so that they can learn from and with each other.

The WARTA Group's goal of continuing to fill at least 35% of management positions with women in future should also be mentioned <sup>1</sup> . This target has already been achieved at HDI Austria (see also the following section).


<sup>1</sup>  **Results and monitoring:** Proactive diversity management has already been included in the planning, management and monitoring of human resources activities and processes within the Talanx Group and is hence part of human resources controlling (see also the section entitled  "Recruitment, education and training on page 45ff.).

In addition, the Operational Auditing Competence Centre performs risk and process assessments for the Human Resources audit area that are based on the principles set out the Institute of Internal Auditors (IIA).

<sup>1</sup>  Sustainability goal

<sup>1</sup>  103-3

## DIVERSITY AND EQUAL OPPORTUNITY

<sup>2</sup>  Table 10 shows the composition of Talanx AG's management bodies as at 31 December 2017 in terms of the two diversity categories of gender and age. The proportions of women at the various different levels of the Group as a whole (including the Hannover Re Group) are given in Table 11. The breakdown by gender and age of employees in Germany (excluding the Hannover Re Group), in the WARTA Group, at HDI Assicurazioni and at HDI Austria is given in Table 12.

<sup>2</sup>  405-1

T10 BREAKDOWN OF TALANX AG'S MANAGEMENT BODIES BY GENDER AND AGE

	Number	By gender		By age		
		Male %	Female %	Under 30 years old %	30–50 years old %	Over 50 years old %
<b>2017</b>						
Board of Management	6	100.0	—	—	16.7	83.3
Supervisory Board	16	75.0	25.0	—	6.3	93.8
<b>2016</b>						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	75.0	25.0	—	12.5	87.5

T11 PROPORTIONS OF WOMEN IN THE GROUP (EXCLUDING CASUAL WORKERS AND GRADUATE TRAINEES)

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

<sup>1)</sup> Members of the Board of Management who perform multiple functions are only counted once.

<sup>2)</sup> Inactive employment relationships.

## T12 BREAKDOWN OF EMPLOYEES BY GENDER AND AGE

	Number	By gender		By age		
		Male %	Female %	Under 30 years old %	30–50 years old %	Over 50 years old %
<b>2017</b>						
<b>Germany</b>						
Managers	850	82	18	0.2	57.9	41.9
Employees	8,430	50.5	49.5	10.6	55	34.4
<b>Total</b>	<b>9,280</b>	<b>53.4</b>	<b>46.6</b>	<b>9.6</b>	<b>55.2</b>	<b>35.1</b>
<b>WARTA Group</b>						
Board of Management	8	100.0	—	—	75	25
Managers	265	56.4	43.6	2.6	78.8	18.7
Employees	2,215	39.6	60.4	19.7	63.4	16.9
<b>Total</b>	<b>2,488</b>	<b>42.0</b>	<b>58.0</b>	<b>18.0</b>	<b>65.3</b>	<b>16.7</b>
<b>HDI Assicurazioni</b>						
Board of Management	17	100	—	—	11.1	82.9
Managers	85	80.0	20.0	0.0	15.4	84.6
Employees	309	47.3	52.7	4.4	64.2	31.4
<b>Total</b>	<b>411</b>	<b>56.0</b>	<b>44.0</b>	<b>3.5</b>	<b>51.9</b>	<b>44.6</b>
<b>HDI Austria</b>						
Board of Management	2	100	—	—	50	50
Managers	43	65.1	34.9	2.3	65.1	32.6
Employees	249	33.3	66.7	25.3	52.2	22.5
<b>Total</b>	<b>294</b>	<b>38.4</b>	<b>64.6</b>	<b>21.6</b>	<b>54.2</b>	<b>24.2</b>
<b>2016</b>						
<b>Germany</b>						
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
<b>Total</b>	<b>9,458</b>	<b>53.2</b>	<b>46.8</b>	<b>10.0</b>	<b>56.8</b>	<b>33.3</b>
<b>WARTA Group</b>						
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
<b>Total</b>	<b>2,572</b>	<b>39.5</b>	<b>60.5</b>	<b>15.5</b>	<b>67.5</b>	<b>17.0</b>
<b>HDI Assicurazioni</b>						
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
<b>Total</b>	<b>445</b>	<b>58.0</b>	<b>42.0</b>	<b>3.8</b>	<b>58.0</b>	<b>16.2</b>



The average age of employees in Germany was 45.1 (44.7) years, while the figure for the WARTA Group was 39.7 years, that for HDI Assicurazioni was 44.3 years and that for HDI Austria was 39.5 years.<sup>1)</sup>

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

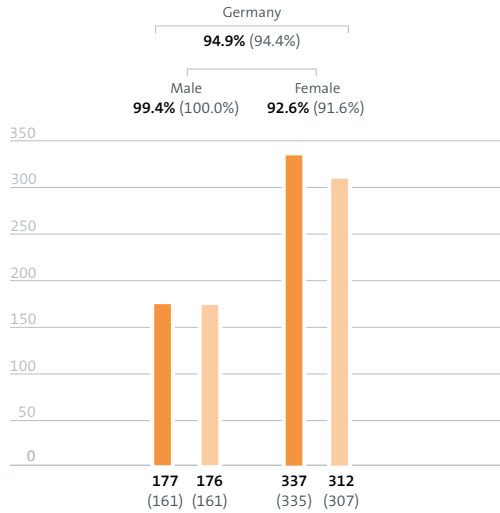
<sup>2</sup> Talanx does not tolerate discrimination on the basis of race, colour, gender, age, ethnic origin, religion, sexual orientation, gender identity and gender expression, relationship status, nationality, disability, medical conditions, or any other legally protected factor. There were no cases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

**WORK-FAMILY BALANCE**

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

**F7 RETURN FROM PARENTAL LEAVE (GERMANY)**

NUMBER



<sup>1</sup> 405-2

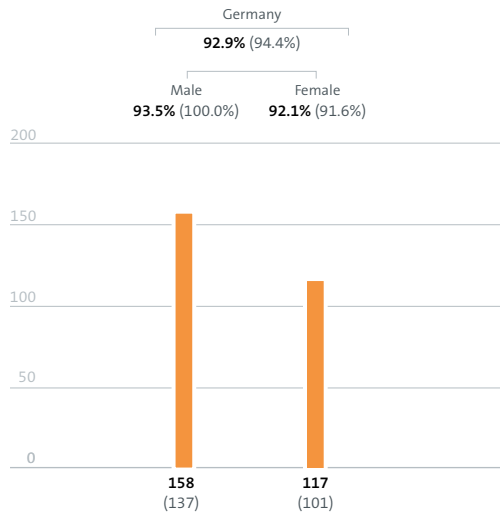
<sup>2</sup> 406-1

2017 (2016)

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

**F8 RETENTION RATES AFTER PARENTAL LEAVE (GERMANY)**

NUMBER



<sup>3</sup> 401-3

2017 (2016)

■ Remained with Group after parental leave.

<sup>1)</sup> No prior-year figures are available for the WARTA Group, HDI Assicurazioni and HDI Austria.

The following Figure 9 shows how many employees at our foreign companies were entitled to take parental leave during the reporting period, and how many actually did so. Figure 10 shows how many employees at our foreign companies returned to work from parental leave in the reporting period and how many were still employed by Talanx 12 months later.

F9 EMPLOYEES ENTITLED TO TAKE PARENTAL LEAVE (FOREIGN COMPANIES)<sup>1)</sup>




<sup>1)</sup> Due to the change in data capture methodology, data are only available for the foreign companies for 2017.


F10 RETURN AND RETENTION RATES AFTER PARENTAL LEAVE (FOREIGN COMPANIES)<sup>1)</sup>



<sup>1)</sup> Due to the change in data capture methodology, data are only available for the foreign companies for 2017.

## 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. At the same time, the safety and health of our employees while at work is naturally of the greatest importance to us. Our employees are our capital and make a key contribution to our Company's success, which is why their welfare is a major corporate goal.

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

In Germany, these aspects are governed by the German 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 (and hence to all companies covered by this report).

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 massages. 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.

Employees facing stressful private, professional or health situations can find their working capacity severely impacted. This is why our Company offers an external Employee Assistance Program (EAP) that is run by a partner organisation and that provides employees with immediate, free advice by phone – anonymously if desired, of course. Effective 1 February 2018, this offering will be expanded to include TALINGO EAP. In addition to offering professional advice by phone, this will now provide local face-to-face discussions in individual cases.

Daily working routines may be one reason for the increase in psychological illness being experienced in the modern working environment. This is why surveying stress factors at work is becoming more important, and why it has also been a legal requirement (sections 5 and 6 of the ArbSchG) since 2013. Starting in 2016, we have used the scientifically rigorous, efficient procedure set out in the Short Workplace Analysis Questionnaire (KFZA) to assess potential hazards at Talanx's workplaces. This can provide important indications of weaknesses and potential areas for improvement in our occupational health and safety and health management activities.

Our health days in 2017 were also a big success. These were held at eleven locations in Germany (including Hannover, Cologne, Hilden, Hamburg and Saarbrücken) and offered employees a wide range of workshops, presentations, opportunities to join in activities and information. The focus this year was on keeping moving, nutrition and promoting awareness of health issues.

 3

**1**  103-1 | 403-3

**2**  103-2

1 103-3

This is flanked by our **sponsorship of employee sports activities** – something that we have been doing successfully for many years and that also helps raise awareness of just how important employee health is. Talanx AG pays the entry fees for Group employees in Germany who take part in public sports or running events, and provides them with matching functional shirts featuring Talanx's corporate logo. These are certified according to the OEKO-TEX® Standard 100 label and their manufacturer is active in the Global Social Compliance Programme (GSCP) and the Business Social Compliance Initiative (BSCI). We sponsor sports events throughout Germany and abroad; 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. We also subsidise other types of sport, such as triathlons and dragon boat races, if at least 10 Group employees get together to form a team.

In 2017, 1,804 employees took advantage of this offer and represented "Team Talanx" at 56 events. This promotes team building, encourages employee contacts 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. Sports are also an important component of the WARTA health programme, which is used by almost all staff. For example, the Multi-sport Programme subsidises the use of sports facilities throughout the country – and is used by over 1,000 employees a year. Sports activities and events organised by employees themselves are also supported, e.g. by renting facilities or providing professional coaches. Equally, HDI Austria offers its employees a sports programme with a balanced mix of courses. In addition, it supports the local running team in its dozen or so races a year by paying for starting fees and running gear.

All other Group companies also **promote employee health** in a variety of ways. It goes without saying that regulatory requirements in the areas of safety at work, hygiene, preventive healthcare and workspace design are met, and that they are regularly audited. In addition, companies 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. This also includes appointing teams of employees in the various buildings who are responsible for implementing emergency measures and conducting training exercises (e.g. in the case of pandemics or fires).

**1 Results and monitoring:** We work continuously to enhance our occupational health and safety activities. Employers are obliged to take the measures necessary to ensure occupational safety, taking into account the factors influencing employee health and safety at work. To do this, they must establish a suitable organisational structure – an occupational health and safety system (see section 3 of the ArbSchG). Our occupational safety specialists and our works doctors support and encourage the responsible staff in our companies in playing an active role in ensuring occupational safety. In line with the ArbSchG, the occupational safety specialists support employers so as to ensure that occupational health and safety is continuously enhanced and that occupational safety regulations are observed. This covers the following activities in accordance with section 5 and 6:

- performing the legally required risk assessments (RAS)
- conducting inspections to update RAS
- documenting RAS/any defects established in action plans
- participating in Occupational Safety Committee meetings and providing advice on how to remedy any defects
- building on this, providing the materials required to instruct employees.
- providing assistance for implementing instructions
- scheduling and monitoring statutory and occupational safety audits
- maintaining and adapting the emergency response organisation (first aid/fire protection)
- appointing staff to perform the relevant functions
- implementing new statutory requirements
- providing advice on occupational health and safety to all bodies within the establishment (the employer, employees and the Works Council)

In this context, occupational health and safety should be implemented in the Company's workflows in such a way that the measures also contribute to improving efficiency.

<sup>1</sup> For Talanx Group employees, accidents at work are broken down into accidents that take place during work and those that take place on the way to or from work. In Germany, accidents at work that result in more than three calendar days' work being lost must be reported to the relevant occupational health and safety agency or accident insurance fund by both the employer and the attending physician. There were 18 accidents at work at the Talanx Group in Germany in 2017 (corresponding to an accident at work ratio of approximately 0.2% [0.3%]); in addition, there were 21 (76) accidents on the way to or from work (corresponding to a ratio of approximately 0.2% [0.8%]). Our occupational safety specialists assess the accidents in order to identify any preventive measures that need to be taken.

In Poland, all accidents and occupational diseases have to be reported to the social security agency (ZUS) and the national statistics office (GUS). The number of accidents occurring at work directly influences the size of the social security contributions payable by the employer. All cases must be documented, the risk associated with the activity has to be assessed, and the circumstances surrounding the accident have to be clarified. There were 20 (18) accidents at the WARTA Group in the reporting period, including twelve (six) accidents at work (a ratio of 0.5% [0.2%]). In addition, there were eight (twelve) accidents on the way to or from employees' places of work (a ratio of 0.3% [0.4%]).

Equally, in Italy all accidents and cases of illness must be reported to the National Insurance Institute for Employment Injuries (INAIL). The rate of injuries occurring at, or on journeys to and from work here in the past year was 1.0% (0.9%). There was one accident at work in 2017 (a ratio of 0.2%) and one accident on the way to or from employees' places of work (a ratio of 0.2%). Accident insurance covering accidents both during and outside working hours is provided for all permanent employees.

HDI Austria is also required to report accidents at work without undue delay to the Austrian Workers' Compensation Board (AUVA). Four such accidents were reported in the reporting period.

In addition, Talanx calculates the days lost ratio on the basis of the **days lost due to illness**; in 2017, this amounted to 6.4% (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

(approximately 6.5%). Similarly, HDI Austria is exactly in line with the average. 2.7% of the days lost were attributable to male employees and 3.8% to female employees. At HDI Assicurazioni, the rate of 4.3% (2.0% men and 2.3% women) is gratifyingly low. The relevant figure for the WARTA Group was approximately 10.0%.

## PROVIDING A BALANCED DIET FOR EMPLOYEES


Nutrition – and hence the food we provide every day in our employee canteens and cafés – plays a big role in maintaining our employees' health and welfare. The challenge facing modern, forward-looking catering is to offer staff suitable amounts of healthy meals that are freshly prepared where possible. This naturally also has to take sustainability criteria into account, such as regional and seasonal procurement and ensuring animal welfare. Our catering facilities stand or fall with the variety of the meals we offer and aim to provide a balanced, tasty range of food every day. To ensure the quality of our offering, our three employee restaurants at our Hannover location and the works canteen in Cologne have been certified under the  JOB&FIT quality standard drawn up by the German Nutrition Society (DGE). As part of this scheme, the quality of the foods used, meal planning, food preparation, communication and interactions with guests (surroundings) are subjected to in-depth audits. Our nutrition scientists aim to reach out to staff in order to raise awareness of healthy eating. In addition, a menu that complies with the DGE's quality standard and that meets office workers' nutritional requirements is offered every day and is flagged with a special colour. In Cologne, the canteen has also been certified to QCI organic standards for many years and 80% of its food comes from certified organic farms in the region. Staff at Hannover also have a special opportunity to buy regional foods: a farmer from the region sells products – which include fresh fruit and vegetables, eggs and free-range poultry – every Friday in the atrium of our headquarters at HDI-Platz 1.


<sup>1</sup>  403-2

 [www.jobundfit.de/startseite/](http://www.jobundfit.de/startseite/)

## 7 DAY-TO-DAY OPERATIONS AND PROCUREMENT


<sup>1</sup>  103-1


**1  Materiality:** The Talanx Group does not operate any physical production facilities but rather offers services in the areas of insurance and finance. As such, it has less impact on the environment than, for example, manufacturing companies or companies that are heavy users of raw materials. Nevertheless, the Group employs more than 20,000 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 topics 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.

**Topic Boundary:** Within the Talanx Group, sustainability in day-to-day operations and procurement is mainly a topic for Corporate Operations, and especially Purchasing, IT Purchasing and Internal Services. In addition, the consumption of materials and energy in particular is significantly influenced by individual employee behaviour. Outside the Group, the topic 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 30ff.).

<sup>1</sup>  Sustainability goal

**Impacts:** We aim to ensure that our day-to-day operations and procurement activities are focused on sustainability by conserving resources, in particular with regard to energy and water consumption and materials usage. In addition, we can make a significant contribution by integrating sustainability criteria with procurement. Among other things, this includes Talanx sourcing environmentally friendly products, for example, or ensuring that environmental criteria are taken into account, and employee rights and human rights are observed, in the supply chain. The volume of greenhouse gas emissions can primarily be reduced by ensuring that our employees use environmentally friendly means of transport for travelling to and from work and for making business trips. In addition, we want to encourage Talanx employees to conserve resources and be aware of the need for sustainability in their day-to-day activities. The measures we take therefore aim both to avoid negative impacts and to encourage positive impacts.


**2  Measures and guidelines:** The following chapter described the measures that we have already taken to make our day-to-day operations and procurement activities more sustainable. A key focus in this context is on conserving resources – since a careful approach not only reduces the pressure on the environment but can also significantly cut operating costs. It goes without saying that all Group companies are interested in this – a fact that ensures progress. Key measures taken include energy audits in accordance with DIN EN 16247, in which our energy utilisation is systematically analysed in order to identify potential for improvements more easily, our participation in energy efficiency initiatives such as the Climate Alliance and ÖKOPROFIT, and the BREEAM In-Use certificates obtained for individual locations.




In order to increase our ability to influence supplier compliance with environmental protection and human rights legislation, Talanx has set itself the goal of drawing up a Group-wide code of conduct for suppliers <sup>1</sup> . We want to use this to clearly define the expectation that they will adhere to our values. Such supplier codes of conduct are already in force in individual companies such as those belonging to the WARTA Group, HDI Assicurazioni and Talanx Systeme AG (IT procurement). The plan is to implement the Group-wide code in the coming year.

**Responsibilities:** A number of functions assigned 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 topics are taken into account in a large number of areas.

**Human Resources Management** organises offerings that allow employees to use local public transport at a reduced rate (group season tickets and job tickets). By providing 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 66).

**1  Results and monitoring:** The Talanx Group uses the results of the materiality analysis, among other inputs, to develop the management approach to be taken in the Day-to-day Operations and Procurement action area. This analysis takes the opinions of our stakeholders into account. In addition, Talanx has set itself concrete targets for reducing emissions and energy consumption **1 ** (see our  goals on page 12ff.). We review the progress made towards achieving these objectives on an ongoing basis and expand them to include additional or new targets where this makes sense.

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

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

Our analysis and reviews also build on ESG rating results.

**1 ** 103-3

**1 ** Sustainability Goal

As a responsible enterprise, the Talanx Group systematically captures the resources used in its operations. Table 13 gives an overview of the environmental indicators for the Talanx Group.

T13 ENVIRONMENTAL INDICATORS

	Unit	2017 <sup>1)</sup>	2016 <sup>2)</sup>
Number of employees covered as at 31.12.		12,473	12,475
Coverage	% OF ALL EMPLOYEES	57.7	58.3
<b>Energy consumption</b>			
Energy consumption (heat and electricity) <sup>3)</sup>	TOTAL IN MWH	82,332	56,870
Energy consumption (heat and electricity)	MWH PER EMPLOYEE	6.6	4.5
Fuel consumption – vehicle fleet	TOTAL IN LITRES	2,181,109	2,179,000
Fuel consumption – vehicle fleet	LITRES PER EMPLOYEE	174.9	174.7
<b>Employee business travel</b>			
Business travel (km by car/air/rail)	TOTAL KM	59,195,231 <sup>4)</sup>	46,400,000 <sup>5)</sup>
Business travel (km by car/air/rail)	KM PER EMPLOYEE	4,745.9	4,906
<b>Greenhouse gas emissions by scope</b>			
Scope 1 (direct emissions)	METRIC TONS OF CO <sub>2</sub> E	7,026.4	5,900
Scope 2 (indirect emissions)	METRIC TONS OF CO <sub>2</sub> E	32,958.9	22,310
Scope 3 (upstream and downstream emissions)	METRIC TONS OF CO <sub>2</sub> E	10,956.6	4,044 <sup>6)</sup>
CO <sub>2</sub> emissions (Scope 1 + 2 + 3)	TOTAL IN METRIC TONS OF CO <sub>2</sub> E	50,941.9	32,254
CO <sub>2</sub> emissions (Scope 1 + 2 + 3)	METRIC TONS PER EMPLOYEE	4.1	n. a.
<b>Material consumption and waste</b>			
Paper consumption	TOTAL IN METRIC TONS	248.0	329
Paper consumption	KG PER EMPLOYEE	19.97	26.4
Waste	VOLUME OF WASTE IN METRIC TONS <sup>7)</sup>	1,933.2	1,829
Waste	KG PER EMPLOYEE <sup>8)</sup>	208.3	193.4
<b>Water consumption</b>			
Water consumption	TOTAL IN M <sup>3</sup>	111,976	86,250 <sup>9)</sup>
Water consumption	LITRES PER EMPLOYEE	8,977	8,709 <sup>9)</sup>

<sup>1)</sup> The environmental indicators cover Germany (excluding Hannover Re), the WARTA Group in Poland, HDI Assicurazioni in Italy and, for the first time, HDI Versicherung AG (Austria). The extended data capture process means that the values are not always comparable to the previous year. 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 determined consumption in some cases by including prior-year figures.

<sup>2)</sup> The indicators cover our locations in Germany (excluding Hannover Re), the WARTA Group in Poland and HDI Assicurazioni in Italy.

<sup>3)</sup> Only approximately 70% of heating energy consumed can be determined for Italy since some buildings are only leased.

<sup>4)</sup> Applies for the first time to all companies included in the report.

<sup>5)</sup> Kilometres from business travel by employees at our German companies.

<sup>6)</sup> The Scope 3 emissions were only calculated for the German locations and cover business travel by rail, air and rental car, as well as paper consumption and mailings.

<sup>7)</sup> The volumes of waste reported in both years relate solely to our German locations. Data capture was extended and optimised in the 2017 reporting period.

<sup>8)</sup> The volumes of waste reported in both years relate solely to employees in Germany.

<sup>9)</sup> The volumes were determined for Germany and for HDI Assicurazioni.



## ENERGY AND GREENHOUSE GAS EMISSIONS

SDG 7 | 13

### 1 ENERGY CONSUMPTION

1 302-1

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

#### T14 ENERGY CONSUMPTION

Scope <sup>1)</sup>	Heat consumption MWh	Electricity consumption MWh	Total <sup>2)</sup> MWh	Fuel consumption (petrol and diesel) litres
<b>2017</b>				
Germany	32,595	34,168	66,763 <sup>3)</sup>	1,230,000
WARTA Group	5,160	7,988	13,148	834,266
HDI Assicurazioni <sup>4)</sup>	528	996	1,524	35,400
HDI Austria	573	324	897	81,443
<b>Total</b>	<b>38,856</b>	<b>43,476</b>	<b>82,332</b>	<b>2,181,109</b>
<b>2016</b>				
Germany	16,680	24,980	41,660	n. a.
WARTA Group	5,390	8,330	13,720	n. a.
HDI Assicurazioni <sup>4)</sup>	470	1,020	1,490	n. a.
HDI Austria	n. a.	n. a.	n. a.	n. a.
<b>Total</b>	<b>22,540</b>	<b>34,330</b>	<b>56,870</b>	<b>n. a.</b>

<sup>1)</sup> In the case of Germany, the following information generally relates for the current year to our 14 national locations (headquarters and branch offices, excluding the Hannover Re Group). The information provided for the WARTA Group, HDI Assicurazioni and HDI Austria (included as of this year) generally relates to the entire group of companies in each case. Any exceptions are flagged.

<sup>2)</sup> We calculate consumption figures on the basis of the information provided by utility companies and service charge invoices. Since not all service charge invoices were available by the editorial deadline for this report, we estimated consumption conservatively on the basis of the figures for previous years.

<sup>3)</sup> The figures determined for 2017 are not comparable to the previous year since the data capture process was extended and optimised.

<sup>4)</sup> 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.

<sup>2)</sup> The energy intensity measure used is the ratio of the energy consumed to the space for which consumption is measured. The figure for the German locations was 0.29 MWh/m<sup>2</sup>, while that for the WARTA Group was approximately 0.16 MWh/m<sup>2</sup> and that for HDI Assicurazioni was 0.1 MWh/m<sup>2</sup>. At HDI Austria, the quotient was 0.14 MWh/m<sup>2</sup>. The energy quotient for Germany is not comparable to the prior-year figure due to the extended scope of the data captured this year.

<sup>3)</sup> 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 photovoltaic and geothermal systems, construction elements that comply with the standards for

passive houses, renewable ventilation and district heating capabilities, as well as an extensive central control system to ensure efficient management. 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 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. In addition, most of the sanitary facilities and kitchenettes in the buildings at our Hannover location are supplied with cold water only, something that also has a positive effect on energy requirements. In 2016, we reduced the

2 302-3

3 302-4

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

energy used for air conditioning by 55% by adjusting timer programs and increasing the temperatures in our data server centres. This allows Talanx to contribute to the goals of the <sup>1</sup> [Hannover Climate Alliance](#). Since 2008, citizens, companies, associations and the state capital of Hannover have been working to reduce greenhouse gas emissions in the Hannover region in 2020 by 40% compared to 1990. Talanx is a member of this initiative and participates regularly in energy efficiency networking events. More detailed information on the measures we have implemented at our headquarters in Hannover can be found in our <sup>1</sup> [“In focus” spread on page 72](#).

In 2018, Talanx Service AG will take part in the ÖKOPROFIT Hannover environmental management consulting initiative at our Hannover location for the first time. This project, which is sponsored by the City of Hannover and the surrounding region, aims to jointly develop practical measures in the period up to 2019 for improvements designed both to promote environmental protection and to reduce operating costs – a classic win-win situation. We will report on the results of the project in our next sustainability report.

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. This has improved working conditions and fire protection and reduced energy consumption. The BREEAM In-Use certificate for the main building was still valid in 2017. The WARTA Group has also set itself the goal, where new equipment needs to be purchased, of systematically replacing it with next-generation versions <sup>1</sup> [\(e.g. energy-efficient, environmentally friendly refrigerators and air conditioning units\)](#).

<sup>1</sup> [305-1 | 305-3](#)

<sup>1</sup> [Sustainability goal](#)

HDI Assicurazioni has implemented energy-saving measures at a number of locations in recent years; among other things, it installed LED lighting and timer programs at its headquarters in Rome. 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% respectively, reductions in water usage of 8% and 9%, and heating energy savings of 5% and 24%; greenhouse gas emissions were also reduced. 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 CO<sub>2</sub> 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%.

HDI Austria is also working constantly to reduce its consumption. For example, this was the reason why it decided to construct a photovoltaic system in March 2015. Since then, 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. Spread over a year, the figure is roughly 10%.

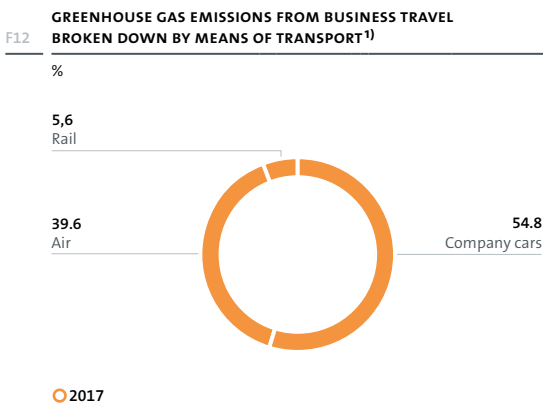
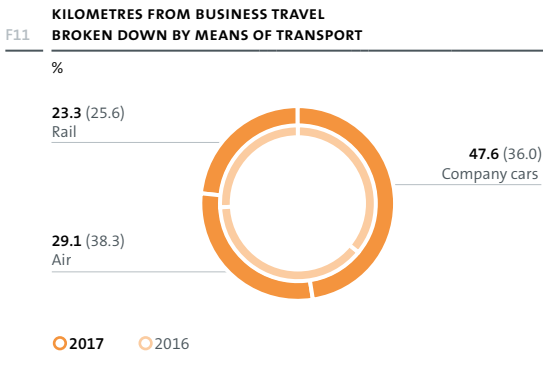
<sup>1</sup> **EMPLOYEE BUSINESS TRAVEL**

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

T15 **BUSINESS TRAVEL BY TALANX GROUP EMPLOYEES**

Scope	Company cars	Rail travel	Air travel	Total	Per employee
<b>2017</b>					
Germany	15,600,000	12,297,207	15,764,618	43,661,825	4,704.9
WARTA Group	10,601,250	750,000	205,000	11,556,250	4,645
HDI Assicurazioni	977,700	730,000	1,100,000	2,807,700	6,831
HDI Austria	1,009,985	2,605	156,866	1,169,456	3,978
<b>Total</b>	<b>28,188,935</b>	<b>13,779,812</b>	<b>17,226,484</b>	<b>59,195,231</b>	<b>—</b>

The greenhouse gas emissions caused by the use of company cars are included in the Scope 1 emissions (page 67); all other greenhouse gas emissions from business travel are included in the Scope 3 emissions (page 68).



<sup>1)</sup> Applies for the first time to all companies included in the report.

**1 ■ REDUCTION IN GREENHOUSE GAS EMISSIONS FROM TRAVEL**

1 ■ 305-5



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



To promote environmentally friendly and hence low-carbon business travel in Germany, all employees travelling on business and specialists and managers travelling between our numerous German locations receive a **BahnCard Business railcard** from Deutsche Bahn on request. Roughly 900 employees took advantage of this offer in the reporting period. Since January 2018, employees using all electrically powered ICE and IC/EC trains running on Deutsche Bahn's long-distance network have been travelling using 100% green energy.

We were also able to reduce our vehicle fleet emissions again in 2017. Since 1 January 2017, the target CO<sub>2</sub> figure for new vehicles has been 125g/km (previously 140g/km) **1 ■**. This means we have exceeded our original goal of a reduction to 130 g/km. We were also able to expand our use of e-mobility in the reporting period. In addition to the ability to select hybrid or electric drives, the fleet now also comprises a number of electrically powered cars for use on service trips between locations. Two charging columns have been installed in Hannover for this. What is more, e-mail deliveries at the Group's Hannover headquarters have been purely electrically powered since April 2017. Talanx was one of the first companies in Germany to acquire one of the e-scooters developed by Deutsche Post. Over the space of one year, this saves approximately 1.7 metric tonnes of CO<sub>2</sub> (see also the **■** "In focus" spread on page 72).

1 ■ Sustainability goal

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 limit on the total purchase price 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.


 Sustainability goal  
 Sustainability goal

The WARTA Group is also taking a number of measures to reduce greenhouse gas emissions. For example, it set itself the goal of replacing vehicles in its fleet that were up for renewal in 2017 by vehicles that comply with the Euro 5 or Euro 6 standard . In addition, a pilot project for driving training designed to reduce fuel consumption  was launched in 2016. This project is currently being continued.

 [www.city-cycling.org/home/](http://www.city-cycling.org/home/)

HDI Assicurazioni has drawn up its own guidelines in order to mitigate the impacts of business travel on the environment. For example, field force employees such as appraisers and claims adjusters use company cars that produce as few greenhouse gas emissions as possible (93 to 95 g/km). Trains are the preferred means of transport for long-distance trips within Italy, permitting a considerable reduction in CO<sub>2</sub> emissions in comparison to aircraft. In the case of business trips within cities, the guidelines prescribed 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.

 Sustainability goal

The section on our sustainability goals (page 12ff.)  gives an overview of all the goals and measures that Talanx has adopted in order to reduce emissions.

 305-5


## EMPLOYEE TRAVEL TO AND FROM WORK

Our more than 20,000 employees around the world travel to and from work every day. We offer employees a variety of incentives to use public transport and bicycles, in order to make travelling to and from work in as stress-free and environmentally friendly a manner as possible part of their daily routine. For example, our employees in Hannover, Cologne, Hilden and Hamburg can buy heavily subsidised monthly tickets for the local public transport network.


In Hannover, 1,110 (1,139) employees – around 33% (34%) of eligible employees there – had signed up for the group season ticket offered there as at 31 December 2017. A Group works agreement for our Cologne location specifies that one job ticket is normally purchased for each core staff member; as at the 2017 year-end, this amounted to a total of 2,059 (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 65% (67%). At neue leben's location in Hamburg, a total

 [www.gov.uk/government/organisations/department-for-environment-food-rural-affairs](http://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs)

of 201 (206) employees used the HVV ProfiCard – the job ticket offered by Hamburg's public transport association – as at December 2017. This corresponds to approximately 61% (60%) of the workforce. At our Hilden location, 63 (53) people (roughly 11% [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.

As in previous years, two Talanx teams signed up for the national  "CITY CYCLING" competition in 2017. The goal is to accumulate the maximum possible number of kilometres cycled within a specific period. This includes both daily journeys to and from work and the kilometres that employees cycle in their time off. A total of 315 colleagues from Cologne and Hannover notched up 51,165 kilometres – almost one-and-a-half times the circumference of the Earth – saving 8.1 metric tons of CO<sub>2</sub> at the same time. The Talanx team in Cologne – comprising 159 employees and family members – won first prize for the most participants in the region for the second time in a row, while the Hannover team took second place this year for the most number of kilometres cycled (33,021 km). As a result, both teams were able to defend their positions as top performers. The prize monies are being invested, among other things, in measures designed to increase cycle-friendliness at the Talanx Group. Since 2016, employees in Hannover have been able to borrow a number of refurbished bikes and cargobikes for trips between company sites, while a toolbox is available for making minor repairs. As from this year, users of pedelecs and e-bikes have also been able to recharge their bikes' batteries at specially installed charging stations. The bicycle areas are protected against theft and showers and changing rooms are available for more active employees.

## GREENHOUSE GAS EMISSIONS BY SCOPE <sup>1)</sup>

Our reporting of greenhouse gas emissions is based on the globally accepted methodology used in the Greenhouse Gas Protocol (GHG Protocol). In line with this methodology, greenhouse gas emissions are broken down into three categories, known as "scopes". We base our emissions calculations on the most recent available conversion factors from Germany's Federal Environmental Agency (UBA), the International Energy Agency and the United Kingdom's  DEFRA (Department for Environment, Food & Rural Affairs). Output amounts are expressed in metric tons of

<sup>1)</sup> The figures were calculated using the most recent available conversion factors for the underlying processes drawn up by DEFRA. Since January 2018, business travel using Deutsche Bahn's long-distance trains has been climate-neutral. The related CO<sub>2</sub> savings were not yet taken into account for the reporting period.

CO<sub>2</sub> equivalents. This means that other greenhouse gases that are emitted (such as CH<sub>4</sub> and N<sub>2</sub>O) are included in the calculations on the basis of their environmental impact in proportion to CO<sub>2</sub>. Applying the emission factors enables us to approximate the emissions actually generated.

**1 SCOPE 1 EMISSIONS**

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

**T16 SCOPE 1 EMISSIONS**

TCO <sub>2</sub> E			
Scope	Scope 1 – Heating	Scope 1 – Vehicle fleet	Total
<b>2017</b>			
Germany	1,036.0	3,093.0	4,129.0
WARTA Group	364.5 <sup>1)</sup>	2,018.9 <sup>2)</sup>	2,383.4
HDI Assicurazioni	106.7	92.0	198.7
HDI Austria	115.8	199.5	315.3
<b>Total</b>	<b>1,623.0</b>	<b>5,403.4</b>	<b>7,026.4</b>

<b>2016</b>			
Germany	560	3,650	4,210
WARTA Group	1,503	500	2,003
HDI Assicurazioni	95	n. a.	95
HDI Austria	n. a.	n. a.	n. a.
<b>Total</b>	<b>2,158</b>	<b>4,150</b>	<b>6,308</b>

<sup>1)</sup> A data capture error last year led to Scope 2 emissions being included under Scope 1. The figure for the 2017 reporting period is based on the heating energy produced by the stationary plants. The remaining energy is covered by district heating and hence falls under our Scope 2 emissions.

<sup>2)</sup> The significant change compared to the previous year is due to a modified and standardised method of calculation.

**2 SCOPE 2 EMISSIONS**

Our Scope 2 emissions comprise emissions from purchased electricity and purchased heating energy generated by district heating. The calculations are based on the country-specific emission factors, which can vary widely depending on the primary sources of energy used to generate power and district heating. This can lead in some cases to major differences in the specific emissions produced. For example, the proportion of renewable energy included in Austria's power grid is the highest in Europe, at over 70%. This means that local power consumption is less CO<sub>2</sub>-intensive. Since up-to-date figures are not available for all countries, conservative estimates were made based on past figures in some cases. In Germany, our activities as an investor in infrastructure projects are also directly influencing the shift in energy generation towards green energy. Wind farms financed by Talanx generated approximately 144 GWh of environmentally friendly power in 2017. This represents CO<sub>2</sub> savings of 89,171 metric tonnes compared to the current energy mix in Germany (see also the "In focus" spread on page 72).

**2** 305-2

**1** 305-1

**T17 SCOPE 2 EMISSIONS**

TCO <sub>2</sub> E			
Scope	Scope 2 – Electricity	Scope 2 – District heating	Total
<b>2017</b>			
Germany	18,006.4 <sup>1)</sup>	6,866.4 <sup>1)</sup>	24,872.8
WARTA Group	6,230.6 <sup>1)</sup>	1,348.7	7,579.3
HDI Assicurazioni	448.5	—	448.5
HDI Austria	58.3	—	58.3
<b>Total</b>	<b>24,743.8</b>	<b>8,215.1</b>	<b>32,958.9</b>

<b>2016</b>			
Germany	13,370	3,620	16,990
WARTA Group	1,503	n. a.	1,503
HDI Assicurazioni	95	—	95
HDI Austria	n. a.	n. a.	n. a.
<b>Total</b>	<b>14,968</b>	<b>3,620</b>	<b>18,588</b>

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

1  305-3

**1  SCOPE 3 EMISSIONS**

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

T18 **SCOPE 3 EMISSIONS**

TCO <sub>2</sub> E	
Scope	Scope 3 <sup>1)</sup>
<b>2017</b>	
Germany	8,370.6
WARTA Group	2,103.1
HDI Assicurazioni	374.0
HDI Austria	108.9
<b>Total</b>	<b>10,956.6</b>

<sup>1)</sup> The figures were calculated using the most recent available conversion factors for the underlying processes drawn up by DEFRA. Since January 2018, business travel using Deutsche Bahn’s long-distance trains has been climate-neutral. The related CO<sub>2</sub> savings were not yet taken into account for the reporting period.

 [www.deutschepost.de/de/g/gogreen.html](http://www.deutschepost.de/de/g/gogreen.html)


Since the most environmentally friendly solution is to dispense with printing altogether, the Talanx Group is increasingly focusing on digital solutions. For example, HDI Austria is increasingly transmitting data electronically in order to be able to cut the amount of paper consumed. In Germany, even confidential documents can now be exchanged securely by e-mail in a manner that meets all data protection requirements, using sophisticated encryption algorithms. The recipient receives the key required for this via a separate digital channel (e.g. as an SMS). This ensures that the document can only be read by the person for whom it is actually intended. The Talanx Group aims to expand its use of this option in the medium term. Since the middle of 2016, our quarterly reports and quarterly statements have been made available solely in electronic form. In addition, we are aiming to switch from conventional printing to centralised, customised printing on demand in future for customer brochures and materials. This prevents any remaining stocks having to be destroyed when the brochures are revised and hence avoids large volumes of paper being wasted. Centralising our printing at our Hannover location does not simply save paper, though: it also saves time and money, thanks to the postage discounts we receive from Deutsche Post.

As we are a  Deutsche Post “GoGreen partner”, all our domestic mailings since last year have been climate-neutral. Under this programme, the CO<sub>2</sub> emissions resulting from our e-mail deliveries are offset by supporting selected climate protection projects. All in all, 11,466,751 mailings were sent from our German locations in the reporting period and 332.5 metric tons of CO<sub>2</sub> were offset.


**RESOURCE CONSUMPTION**

**MATERIAL CONSUMPTION AND WASTE**

2  301-1 | 301-2

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


However, since printing cannot be avoided entirely, Talanx focuses on a number of sustainability labels when procuring its materials. To date, printing has generally used paper that has been awarded the Forest Stewardship Council (FSC) label. This certifies that paper has been sourced from sustainable, responsibly managed forests. Paper of this kind is used in our offices and for invoices, insurance policies, customer documents, brochures and annual reports. We have used climate-neutral printing for the latter since 2015. However, at present we are examining how to switch to recycled paper for a large number of applications in Germany. While it is almost as white, recycled paper saves large amounts of wood, water, energy and CO<sub>2</sub>, since no new fibres need to be used. Our employee magazine – which has a print run of approximately 13,000 copies and is nearly 80 pages long – is already printed on this kind of paper. We

can also achieve our goal of improving the environmental friendliness of the paper we use for our correspondence by switching to recycling paper <sup>1</sup> .

**T19 CONSUMPTION OF OFFICE PAPER BY OUR CORE EMPLOYEES**


METRIC TONS	
Scope	Paper consumption
<b>2017</b>	
Germany	169.7
WARTA Group	51.8
HDI Assicurazioni	11.4
HDI Austria	15.1
<b>Total</b>	<b>248.0</b>
<b>2016</b>	
Germany	250
WARTA Group	68
HDI Assicurazioni	11
HDI Austria	n. a.
<b>Total</b>	<b>329</b>

In addition, a large number of documents in Germany are printed in our in-house print centre in Hannover, which serves all our German operating units. The centre used approximately 85 (97) million sheets of paper in the reporting period, or roughly 423 (483) metric tons. The reduction was achieved by increasing the proportion of double-sided print jobs; the volume of information involved was comparable. Double-sided printing is also the prescribed standard at our locations. At present, the remaining printed paper used is still sourced from, and processed at, various printing companies at the request of the departments concerned. Here, too, we are currently examining whether centralised printing by our print centre would improve sustainability. In the WARTA Group, roughly 259 metric tons of paper were used at our 6,000-plus insurance agents in Poland.

Last but not least, we continue to focus on energy and paper consumption in our internal communications. The goal is to sensitise employees to the contribution that they can make to conserving resources, for example by printing fewer documents <sup>2</sup> .

In addition, our employees in Germany used approximately 3,370 (4,900) toner cartridges during the reporting period; this corresponds to a relative consumption figure of 0.36 cartridges per employee. 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, while at HDI Austria the figure was 51. <sup>1)</sup>

<sup>1</sup>  The waste generated by the Talanx Group primarily consists of residual waste, office waste and kitchen waste. A large proportion of this can be recycled by local waste disposal companies. This applies in particular to paper and plastic waste. Some of our kitchen waste is composted, while at our major locations some is used for energy recovery where possible. For example, roughly 155 m<sup>3</sup> of organic waste in Hannover and roughly 160 m<sup>3</sup> in Cologne was processed into biodiesel. The remaining (non-IT) waste is also disposed of by regional waste disposal companies and in some cases treated at a mechanical-biological waste treatment plant (partly above-ground landfill, partly energy recovery). Our business only generates small volumes of hazardous waste and electronic waste; this is disposed of in compliance with all the relevant regulations by specialised waste management companies.

**T20 WASTE (GERMANY) <sup>1), 2)</sup>**

	Waste in metric tons		%	
	2017	2016	2017	2016
Recycling	963.6	928	49.8	50.8
Energy recovery (kitchen/food waste)	391.6	347	20.3	18.9
Composting	51.2	12	2.7	0.6
Other (non-IT)	521.7	539	27.0	29.5
Electronic waste (small and large electronic devices)	2.5	1	0.1	0.1
Special waste	2.7	2	0.1	0.1
<b>Total waste</b>	<b>1,933.2</b>	<b>1,829</b>	<b>100.0</b>	<b>100.0</b>
Waste per employee	0.21	0.15 <sup>3)</sup>	—	—

<sup>1)</sup> The current figures cannot be compared directly with those for the previous year. The data capture process was extended and optimised in the reporting period.

<sup>2)</sup> The information on waste volumes is based in part on estimates or conversions. 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.

<sup>3)</sup> The figures are based on the physical workspaces in Germany (approximately 12,500).

 Sustainability goal

<sup>1</sup>  306-2

 Sustainability goal

<sup>1)</sup> No information is currently available for the WARTA Group.

<sup>2</sup> 204-1

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 2017, roughly 6.1 (21.3) metric tons of paper and 1.0 (3.7) metric tons of plastic waste were disposed of here via recycling companies. No hazardous waste was produced.

At the WARTA Group, special waste such as electronics or furniture is sent to recycling companies.<sup>1)</sup>

HDI Austria produced a total of 31.3 metric tons of waste. Of this figure, 19.3 metric tons of waste was recycled by local and municipal waste disposal enterprises and 1.3 metric tons was composted.

#### WATER CONSUMPTION AND WASTE WATER

<sup>1</sup> 303-1 | 306-1

<sup>1</sup> The companies belonging to the Talanx Group source their water from municipal and urban water supplies at the locations concerned. This means that the water quality is regulated by local and European standards. Waste water corresponds roughly to water consumption, flows into the municipal drainage system and is treated in the normal way.

#### T21 WATER CONSUMPTION AND WASTE WATER

M<sup>3</sup>

Scope Water consumption

2017	
Germany	78,425
WARTA Group	26,250
HDI Assicurazioni	4,371
HDI Austria	2,930
<b>Total</b>	<b>111,976</b>

2016	
Germany	79,900
WARTA Group	n. a.
HDI Assicurazioni	6,350
HDI Austria	n. a.
<b>Total</b>	<b>86,250</b>

<sup>3</sup> 308-1 | 308-2

<sup>1</sup> Sustainability goal

## PROCUREMENT AND SUPPLIERS


<sup>2</sup> The Talanx Group primarily uses domestic suppliers when procuring products and operating materials. These are subject to the same strict statutory requirements as Talanx itself. It is therefore unlikely that there are significant negative environmental impacts in the Group's supply chain. At the same time, we take care to ensure that the impacts caused by our procurement processes are kept to a minimum. We see procurement from regional suppliers as one key aspect of this, to the extent that it promotes sustainability. For our German sites, we define regional suppliers as companies that are located in the same place, since this keeps transport distances short. In Germany, roughly 30% of our suppliers of operating equipment and foodstuffs fall within this category, as do roughly 26% of our IT suppliers. Our foreign companies define regional suppliers as companies headquartered in the country concerned, a definition that covers more than 99% of suppliers. Only in the area of IT procurement were there some cases of cross-border supply agreements. In Austria, for example, a German service provider was commissioned to maintain a legacy system. We also pay attention to the environmental compatibility of our materials and almost exclusively source paper from sustainably managed forests (FSC label) and, to a certain extent, certified organic food for our company canteens.

#### SUPPLIER ENVIRONMENTAL PROTECTION


<sup>3</sup> In order to be able to incorporate ecological criteria systematically and to a greater extent in future when selecting suppliers, Talanx has set itself the goal of developing and successively implementing a Code of Conduct for Suppliers that will include compliance with environmental protection as one of its criteria <sup>1</sup>. At present, the Code of Conduct for Suppliers is under development and the goal is to roll it out throughout the Group in the coming year. In the case of IT procurement, we already use a Code of Conduct for Contractors that forms part of the Talanx Group's work instructions for the procurement of IT assets and services. This code covers the human rights of employees (e.g. by banning forced and child labour and discrimination), employee health and safety, and environmental protection. It also requires contractors to comply with ethical standards. It is binding on IT suppliers and contractors.

<sup>1)</sup> It is not possible to determine the volume of waste generated by the WARTA Group because waste disposal costs are included in the rental charges for the buildings or take the form of a flat fee paid to the municipality.



Comparable instructions and guidelines have also been implemented by our foreign companies in some cases. For example, the WARTA Group requires suppliers taking part in tenders to confirm when submitting their bids that they comply with the Ten Principles set out in the  United Nations Global Compact (UNGC). These 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 Austria and HDI Assicurazioni, who include their suppliers in their own codes of ethics.

**LABOUR PRACTICES AND RESPECT FOR HUMAN RIGHTS AT SUPPLIERS**

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


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

The WARTA Group adopts the same procedure for working conditions and human rights at suppliers as for environmental protection (see the previous section). The WARTA Group is not aware of any cases in its 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 bidding processes to confirm that they comply with national labour laws and apply collective agreements.

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

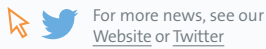
 [www.unglobalcompact.org](http://www.unglobalcompact.org)

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

In focus

## SUSTAINABLE DAY-TO-DAY OPERATIONS

Talanx's Group headquarters in Hannover combines renewable energies, e-mobility and bicycles.



For more news, see our  
Website or Twitter

### PHOTOVOLTAIC SYSTEM SUPPLIES ENERGY

A photovoltaic system has provided environmentally friendly solar power since the end of June 2017. Talanx feeds all the green energy produced into the internal grid for the Group's headquarters at HDI-Platz 1 and will use it itself. Depending on the number of hours of sunlight and their intensity, up to 171,000 kWh of solar power per annum will be fed into the internal grid. This is the equivalent of the electricity consumed annually by approximately 43 four-person households.

In addition, the Group's headquarters has a geothermal heating system that is used to generate environmentally friendly heat directly from the ground. Geothermal energy has an extremely good carbon footprint and substantially reduces our heating costs.

### ELECTRIC DELIVERY VANS FOR E-MOBILITY

We are actively pursuing sustainable mobility policies such as e-mobility.

For example, Talanx was one of the first companies in the Hannover region to start using the new technology by introducing a fully electric postal vehicle in April 2017. The electrically powered van is being used to deliver mail, particularly to our five locations in Hannover. This saves 1.8 metric tons of CO<sub>2</sub> per annum.

Talanx also decided to install two electric charging towers at its Hannover location in order to enable employees and visitors to recharge their electric vehicles on-site. Employees using e-bikes were also given the opportunity to recharge their bicycles free in one of the bicycle areas.



**“Talanx's use of electric vehicles contributes to environmental friendly mobility and helps reduce traffic emissions such as CO<sub>2</sub>, pollutants and noise.”**


Thomas Belker,  
Spokesman of the Board of Management, Talanx Service AG



### BICYCLES FOR TRAVELLING BETWEEN LOCATIONS

Employees who have to travel on business between the company's Hannover locations can borrow bicycles by the hour. The bikes were partially financed with the prize money from the 2015 Hannover CITY CYCLING competition. The Talanx team had come first in the “most active cycling team” category by notching up the most kilometres cycled.

## 8

CORPORATE  
CITIZENSHIP

**1**  **Materiality:** Talanx is aware of the social responsibility that comes from being a listed company with over 20,000 Group employees around the world. As a corporate citizen, the Group works to promote the social good, supporting **charitable projects and local initiatives**. This allows us to generate positive impacts for society above and beyond our actual business activities.

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

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

Since 1 January 2017, the Talanx Group has been the main sponsor of Germany’s **National Mathematics Competition** and will provide financial support for the competition until 2020. In addition, Talanx will host the annual national prize-giving ceremony at its premises. The National

Mathematics Competition is open to school students of all classes who are interested in mathematics, including those attending German schools abroad. By acting as a sponsor, the Group aims to stimulate interest in the subject among school students and to encourage and support talented young mathematicians. Insurance companies need mathematicians to calculate risks, premiums and technical provisions, among other things.


In Poland, the independent insurance agents are involved in the “So close to help” donations programme. Their role is to pass on information about local aid projects in their areas to the WARTA Group, allowing us to take direct action in the areas in which we offer products.

**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, HDI Assicurazioni and HDI Austria. 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 gives interested staff time off for a corporate **volunteer day**, allowing them to participate in social projects. Social contacts between businesses and non-profit organisations offer new insights and inspiration for employees as well.

 4 | 11

**1**  103-1

**2**  103-2

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

## ABOUT THIS REPORT

<sup>1</sup> 102-52 | 102-54

<sup>1</sup> In this Sustainability Report, the Talanx Group presents extensive information on environmental, social and governance topics. The report was prepared in accordance with the **GRI Standards' Core option**. In some cases, however, the information provided goes beyond the scope of the Core option, for example because the report is also designed to meet the information requirements of relevant environmental, social and governance (ESG) ratings that have a sustainability focus. The Talanx Group has published a sustainability report annually since 2015.

<sup>2</sup> 102-45 | 102-49

The **GRI Content Index** (page 78ff.) provides an overview of all GRI topics and indicators contained in this report; an overview of the **UN's Sustainable Development Goals (SDGs)** from the Talanx Group's perspective can be found on page 76f. Our **sustainability goals** are listed on page 12ff. **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 that was conducted in the autumn of 2014 among employees, customers, investors and analysts, as well as representatives of other stakeholder groups (see the section entitled "Materiality analysis" on page 16ff.).

The data for the Sustainability Report 2017 was collated for the first time using a comprehensive data capture system. Due to this new software-based method, deviations between the data for 2016 and 2017 cannot be ruled out. As a result, the changes in the data capture processes and calculation methodology mean that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes.

Under the German Act to Strengthen Non-financial Reporting by Companies in their Management and Group Management Reports (German CSR Directive Implementing Act), the Talanx Group was required for the first time to prepare a consolidated non-financial statement in accordance with the requirements of section 315b(1) in conjunction with section 315c/section 289c of the German Commercial Code (HGB). This statement was published as part of the Group Annual Report 2017 and can be found on page 65 of that document, in the "Consolidated Non-financial Statement" section of the combined management report. The consolidated non-financial statement was reviewed by the Supervisory Board for its legality, regularity and appropriateness.

<sup>2</sup> **Scope of reporting:** This report covers those Talanx Group companies and locations in Germany (our home location) that make a significant contribution to the indicators or topics, as well as the WARTA Group in Poland and HDI Assicurazioni in Italy. In addition, HDI Versicherung AG (Austria) was included for the first time this year. This means that the Talanx Group's most important foreign companies, measured in terms of premiums, are covered.

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

These companies employ a total of 9,280 people. In addition, this Sustainability Report contains information on the WARTA Group in Poland, which currently has 2,488 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% and 100.0% of the shares respectively.


The report also covers HDI Assicurazioni, which employs 411 staff. This group includes


- InLinea S.p.A.,
- HDI Immobiliare SRL 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%).


The report also includes HDI Versicherung AG (Austria) for the first time this year, which has branches in Hungary, the Czech Republic and Slovakia in addition to its operations in Austria. Altogether, these companies employ 294 people. Talanx AG indirectly holds 100.0% of the shares of this company.

As at the 31 December 2017 reporting date, this report therefore covered 12,473 members of staff, or 57.7% of the Group's total workforce (21,604<sup>1)</sup>). However, selected employee indicators cover the entire Talanx Group.

We use our  "In focus" spreads (pages 43 and 72) to highlight special projects and measures that help us to make our operations more sustainable and environmentally friendly.

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

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

 **Reporting period:** This report refers to the 2017 financial year, i.e. to the period from 1 January 2017 to 31 December 2017. 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 2016 have been indicated. The switch from the GRI G4 to the new GRI Standards requires deviations from the previous reporting in certain places.

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 [www.hannover-re.com/60729/sustainability](http://www.hannover-re.com/60729/sustainability)

 Sustainability goal

<sup>1)</sup> The headcount 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.

## SUSTAINABLE DEVELOPMENT GOALS

The United Nations' Sustainable Development Goals (SDGs) are 17 concrete goals designed to make the world a more sustainable and fairer place. They range from ending poverty through protecting the planet to ensuring prosperity for all. The goal is for a very broad coalition of players from the fields of politics, civil society, academia and business to fully implement the SDGs by 2030.

As an international enterprise with over 20,000 Group employees, Talanx is aware of its responsibilities. Our business activities as an insurer contribute both directly and indirectly to achieving these goals.

For this reason, we have selected 12 SDGs on which we as insurers can have a particularly large influence, and so make an active contribution.

In the long term, we shall integrate the SDGs with Talanx's sustainability strategy and the related action areas, goals and measures, and by doing so make them part of how we see ourselves as a company and of our day-to-day activities.



Talanx helps reduce poverty in its different forms by providing insurance services and making socially responsible investments.

- Management of impacts, risks and opportunities (page 30)
- Sustainability of investments (page 32)
- Sustainability of insurance products (page 35)



Talanx helps promote the good health and well-being of people of all ages by providing insurance services and ensuring a healthy working environment.

- Management of impacts, risks and opportunities (page 30)
- Sustainability of investments (page 32)
- Sustainability of insurance products (page 35)
- Occupational health and safety (page 57)



Talanx helps ensure equal access to quality education and offers opportunities for life-long learning by providing insurance services and through its employee education and training policies.

- Management of impacts, risks and opportunities (page 30)
- Sustainability of investments (page 32)
- Sustainability of insurance products (page 35)
- Recruitment, education and training (page 45)
- Corporate citizenship (page 73)



Talanx helps promote global gender equality by actively and specifically supporting women.

- Diversity and family friendliness (page 50)



Talanx helps ensure access to reliable, sustainable sources of power by investing in renewable energies and in energy efficiency in its business.

- Sustainability of investments (page 32)
- Energy and greenhouse gas emissions (page 63)



Talanx helps promote sustainable economic growth and decent work through responsible governance, establishing capacity and providing transparent insurance products and investments.

- Values and principles of conduct (page 22)
- Anti-corruption and anti-money laundering (page 25)
- Sustainability of investments (page 32)
- Sustainability of insurance products (page 35)
- Recruitment, education and training (page 45)
- Diversity and family friendliness (page 50)



Talanx helps build a robust infrastructure and support innovation by investing responsibly.

- Management of impacts, risks and opportunities (page 30)
- Sustainability of investments (page 32)



Talanx helps reduce social inequality by transferring risk and ensuring fair working conditions.

- Anti-corruption and anti-money laundering (page 25)
- Sustainability of insurance products (page 35)
- Diversity and family friendliness (page 50)



Talanx helps create sustainable cities and communities thanks to its sustainable investments and cooperation with stakeholders.

- Management of impacts, risks and opportunities (page 30)
- Sustainability of investments (page 32)
- Corporate citizenship (page 73)



Talanx helps take measures to combat climate change by making ethically and ecologically sound investments and reducing greenhouse gas emissions in its operations.

- Management of impacts, risks and opportunities (page 30)
- Sustainability of investments (page 32)
- Sustainability of insurance products (page 35)
- Energy and greenhouse gas emissions (page 63)



Talanx helps promote peaceful and inclusive communities for sustainable development by working together with other insurers and stakeholder groups.

- Corporate governance (page 6)
- Values and principles of conduct (page 22)
- Compliance in the narrower sense (page 23)
- Anti-corruption and anti-money laundering (page 25)
- Data protection (page 27)
- Management of impacts, risks and opportunities (page 30)





Talanx helps promote a global partnership for sustainable development by ensuring transparent, responsible governance.

- Corporate governance (page 6)
- Materiality analysis (page 16)
- Values and principles of conduct (page 22)
- Compliance in the narrower sense (page 23)

## GRI CONTENT INDEX

<sup>1</sup>  102-55

<sup>1</sup>  Tables 14 and 15 contain the Talanx-specific GRI Content Index for the Core “In accordance” option, plus additional disclosures in some cases. The Index only contains the specific standard disclosures relating to material or additional topics for Talanx. See  Table 4 (page 18f.) for information on how the GRI topics are assigned to these Talanx-specific topics.

### T14 MANAGEMENT APPROACHES

	GRI 103: Management approaches 2017		
	103-1 Explanation of the material topics and their boundaries	103-2 The management approach and its components	103-3 Evaluation of the management approach
Compliance in the narrower sense	23	23	24
Anti-corruption and anti-money laundering	23	25	27
Data protection	27	27	29
Sustainability of investments	32	32	33
Sustainability of insurance products	35	35	36
Recruitment, education and training	45	46	47
Diversity and family friendliness	50	51	53
Occupational health and safety	57	57	58
Day-to-day operations and procurement	60	60	64
Corporate citizenship	73	73	—



## T15 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC	SDG
GRI 101:	Foundation 2017				
<b>GENERAL DISCLOSURES</b>					
GRI 102:	General Disclosures 2017				
<b>Organisational profile</b>					
102-1	Name of the organisation	4			
102-2	Primary activities, brands, products and services	4			
102-3	Location of the organisation's headquarters	4			
102-4	Location of operations	4			
102-5	Ownership and legal form	4			
102-6	Markets served	4			
102-7	Scale of the organisation	4			
102-8	Information on employees and other workers	44, 45		6	8
102-9	Supply chain	5			
102-10	Significant changes to the organisation and its supply chain	4	See <a href="http://www.talanx.com/investor-relations/presentations-and-events/disclosure/2018.aspx?sc_lang=en">www.talanx.com/investor-relations/presentations-and-events/disclosure/2018.aspx?sc_lang=en</a>		
102-11	Precautionary Principle or approach	30			
102-12	External initiatives	15			
102-13	Membership of associations	8			
<b>Strategy</b>					
102-14	Statement from senior decision-maker	3	See Letter from the Chairman		
<b>Ethics and integrity</b>					
102-16	Values, principles, standards and norms of behaviour	22		10	16
<b>Governance</b>					
102-18	Governance structure	6, 15			
102-20	Executive-level responsibility for economic, environmental and social topics	15			
102-22	Composition of the highest governance body and its committees	7			5, 16
102-23	Chair of the highest governance body	7			16
102-24	Nominating and selecting the highest governance body	7			5, 16
102-25	Conflicts of interest	7			16
102-26	Role of highest governance body in setting purpose, values and strategy	15			
102-29	Identifying and managing economic, environmental and social impacts	15, 17, 31			16
102-31	Review of economic, environmental and social topics	15			
102-32	Highest governance body's role in sustainability reporting	15			
102-35	Remuneration policies	7			

## T15 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC	SDG
	<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	9, 16			
102-41	Collective bargaining agreements	45		3	8
102-42	Identifying and selecting stakeholders	9, 16			
102-43	Approach to stakeholder engagement	16, 17, 36			
102-44	Key topics and concerns raised	9, 16, 19, 36			
	<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	74			
102-46	Defining report content and topic boundaries	16			
102-47	List of material topics	19			
102-48	Restatements of information	—	Restatements are indicated at the appropriate points		
102-49	Changes in reporting	74			
102-50	Reporting period	75			
102-51	Date of most recent report	85			
102-52	Reporting cycle	74			
102-53	Contact point for questions regarding the report	85			
102-54	Claims of reporting in accordance with the GRI Standards	74			
102-55	GRI content index	78			
102-56	External assurance	—	No external audit of the Sustainability Report is currently performed. Unless otherwise indicated, the financial information disclosed is based on the consolidated financial statements for the Talanx Group, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) and audited by the auditor of the financial statements		
	<b>ECONOMIC TOPICS</b>				
	<b>Economic performance</b>				
GRI 201:	Economic performance 2017				
201-1	Direct economic value generated and distributed	4	We do not capture the value of community investments made; no dedicated employee volunteering programme exists at present		2, 8, 9
201-2	Financial implications and other risks and opportunities due to climate change	31		7	13
201-3	Defined benefit plan obligations and other retirement plans	46			8
	<b>Market presence</b>				
GRI 202:	Market presence 2017				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	49			1, 5, 8
202-2	Proportion of senior management hired from the local community	49			1, 8

## T15 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC	SDG
	<b>Indirect economic impacts</b>				
GRI 203:	Indirect economic impacts 2017				
203-1	Infrastructure investments and services supported	34			1, 2, 3, 7, 9, 11
203-2	Significant indirect economic impacts	30			1, 2, 3, 8, 10, 11
	<b>Procurement practices</b>				
GRI 204:	Procurement practices 2017				
204-1	Proportion of spending on local suppliers	70			8
	<b>Anti-corruption</b>				
GRI 205:	Anti-corruption 2017				
205-1	Operations assessed for risks related to corruption	26		10	16
205-2	Communication and training about anti-corruption policies and procedures	26		10	16
205-3	Confirmed incidents of corruption and actions taken	27		10	16
	<b>Anti-competitive behaviour</b>				
GRI 206:	Anti-competitive behaviour 2017				
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	24		10	16
	<b>ENVIRONMENTAL TOPICS</b>				
	<b>Materials</b>				
GRI 301:	Materials 2017				
301-1	Materials used by weight or volume	68		7, 8	
301-2	Recycled input materials used	68		8	
	<b>Energy</b>				
GRI 302:	Energy 2017				
302-1	Energy consumption within the organisation	63		7, 8	7, 13
302-3	Energy intensity	63		8	7, 13
302-4	Reduction of energy consumption	63		8, 9	7, 13
	<b>Water</b>				
GRI 303:	Water 2017				
303-1	Water withdrawal by source	70		7, 8	6
	<b>Emissions</b>				
GRI 305:	Emissions 2017				
305-1	Direct (Scope 1) GHG emissions	64, 67		7, 8	13
305-2	Energy indirect (Scope 2) greenhouse gas (GHG) emissions	67		7, 8	13
305-3	Other indirect (Scope 3) GHG emissions	64, 68		7, 8	13
305-5	Reduction of GHG emissions	65, 66		8, 9	13
	<b>Effluents and Waste</b>				
GRI 306:	Effluents and Waste 2017				
306-1	Water discharge by quality and destination	70		8	3, 6
306-2	Waste by type and disposal method	69		8	3, 6

## T15 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC	SDG
	<b>Environmental compliance</b>				
GRI 307:	Environmental compliance 2017				
307-1	Non-compliance with environmental laws and regulations	24		8	16
	<b>Supplier environmental assessment</b>				
GRI 308:	Supplier environmental assessment 2017				
308-1	New suppliers that were screened using environmental criteria	70		8	6, 7, 13, 16
308-2	Negative environmental impacts in the supply chain and actions taken	70		8	6, 7, 13, 16
	<b>SOCIAL TOPICS</b>				
	<b>Employment</b>				
GRI 401:	Employment 2017				
401-1	New employee hires and employee turnover	48			8
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	45			8
401-3	Parental leave	55			5, 8
	<b>Occupational health and safety</b>				
GRI 403:	Occupational health and safety 2017				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	59			3, 8
403-3	Workers with high incidence or high risk of diseases related to their occupation	57			3, 8
	<b>Training and education</b>				
GRI 404:	Training and education 2017				
404-1	Average hours of training per year per employee	49			4, 5, 8
404-2	Programs for upgrading employee skills and transition assistance programs	50			4, 8
404-3	Percentage of employees receiving regular performance and career development reviews	50			8
	<b>Diversity and equal opportunity</b>				
GRI 405:	Diversity and equal opportunity 2017				
405-1	Diversity of governance bodies and employees	53		1, 2, 6	5, 8
405-2	Ratio of basic salary and remuneration of women to men	55	No gender-related distinction as to employee remuneration is made in the Talanx Group for the same or equivalent work	1, 2, 6	5, 8, 10
	<b>Non-discrimination</b>				
GRI 406:	Non-discrimination 2017				
406-1	Incidents of discrimination and corrective actions taken	55		1, 2, 6	5, 8, 16

## T15 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC	SDG
	<b>Freedom of association and collective bargaining</b>				
GRI 407:	Freedom of association and collective bargaining 2017				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	71		1, 2, 3	8
	<b>Child labour</b>				
GRI 408:	Child labour 2017				
408-1	Operations and suppliers at significant risk for incidents of child labour	71		1, 2, 5	8, 16
	<b>Forced or compulsory labour</b>				
GRI 409:	Forced or compulsory labour 2017				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	71		1, 2, 4	8
	<b>Human rights assessment</b>				
GRI 412:	Human rights assessment 2017				
412-1	Operations that have been subject to human rights reviews or impact assessments	24	It is not possible at present to give the precise number and/or percentage of locations assessed		
412-2	Employee training on human rights policies or procedures	25	It is not possible at present to give the precise number of hours spent attending training		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	25	See FS11	1–6	
	<b>Supplier social assessment</b>				
GRI 414:	Supplier social assessment 2017				
414-1	New suppliers that were screened using social criteria	71		1–6	8, 16
414-2	Negative social impacts in the supply chain and actions taken	71		1–6	8, 16
	<b>Public policy</b>				
GRI 415:	Public policy 2017				
415-1	Political contributions	26		10	16
	<b>Marketing and labelling</b>				
GRI 417:	Marketing and labelling 2017				
417-1	Requirements for product and service information and labelling	37			16
417-2	Incidents of non-compliance concerning product and service information and labelling	38			16
417-3	Incidents of non-compliance concerning marketing communications	38			16
	<b>Customer privacy</b>				
GRI 418:	Customer privacy 2017				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	29			16

## T15 GRI CONTENT INDEX

GRI Standard	Disclosures (in abridged form)	Page(s)	Comments and omissions	UNGC	SDG
	<b>Socioeconomic compliance</b>				
GRI 419:	Socioeconomic compliance 2017				
419-1	Non-compliance with laws and regulations in the social and economic area	24, 38		1–10	16
	<b>SECTOR-SPECIFIC DISCLOSURES</b>				
	<b>Product portfolio</b>				
	Management approach		Sustainability of insurance products		
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	4			1, 2, 8, 9
FS7	Monetary value of products and services designed to deliver a specific social benefit	40			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	40		8	6, 7, 9, 11, 13
	<b>Audit</b>				
	Management approach		Sustainability of insurance products		
	<b>Active ownership</b>				
	Management approach		Sustainability of insurance products		
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	—	Talanx currently does not exercise voting rights for shares over which the Group holds the right to vote shares	1–10	1–3, 5–11, 13, 16
FS11	Percentage of assets subject to positive and negative environmental or social screening	33		1–10	1–3, 5–11, 13, 16
	<b>Local communities</b>				
	Management approach		Sustainability of insurance products		
FS13	Access points in low-populated or economically disadvantaged areas by type	42			1, 2, 3, 8, 10

## CONTACT INFORMATION

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Talanx AG

HDI-Platz 1  
30659 Hannover  
Germany  
Telephone +49 511 3747-0  
Fax +49 511 3747-2525  
www.talanx.com

### 1 RESPONSIBLE

Andreas Krosta, Head of Group Communications  
Dr. Kerstin Bartels, Head of External Communications  
Julius Hansen, Sustainability Officer  
Telephone +49 511 3747-2022  
sustainability@talanx.com

Published on: 7 June 2018

1  102-53

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

2  The most recent previous sustainability report was published on 1 June 2017.

2  102-51


### CONTACT INFORMATION FOR INVESTORS

Carsten Werle  
Telephone +49 511 3747-2231  
carsten.werle@talanx.com

Talanx's online Sustainability Report:  
[www.talanx.com/nachhaltigkeit.aspx?sc\\_lang=en](http://www.talanx.com/nachhaltigkeit.aspx?sc_lang=en)

Glossary for the Sustainability Report:  
[www.talanx.com/nachhaltigkeit/glossar-und-abk/glossar\\_abk\\_nh.aspx?sc\\_lang=en](http://www.talanx.com/nachhaltigkeit/glossar-und-abk/glossar_abk_nh.aspx?sc_lang=en)

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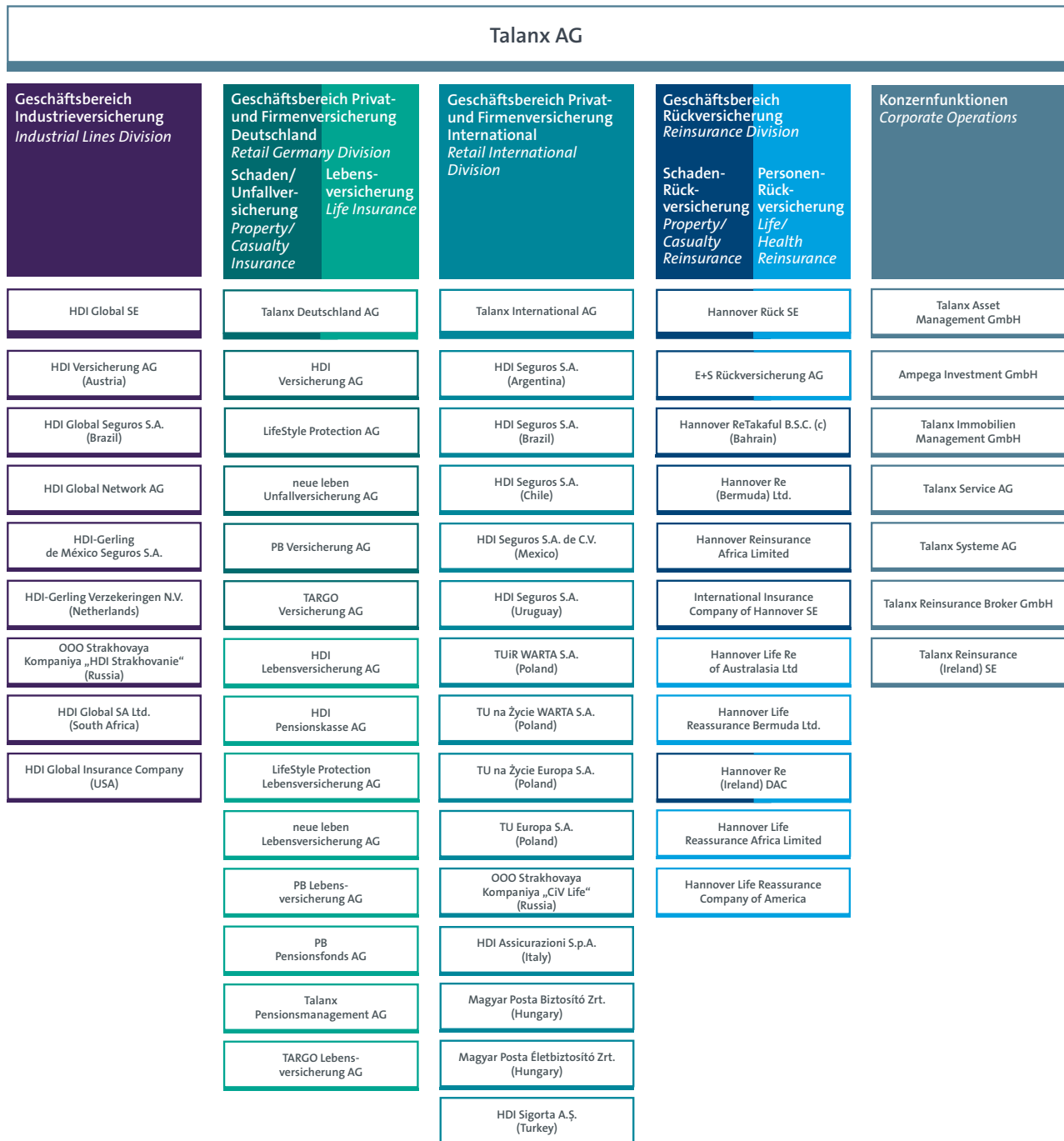
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## GROUP STRUCTURE



Nur die wesentlichen Beteiligungen  
Main participations only

Stand / As at: 31.12.2017





Talanx AG  
HDI-Platz 1  
30659 Hannover  
Germany  
Telephone +49 511 3747-0  
Telefax +49 511 3747-2525  
[www.talanx.com](http://www.talanx.com)

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