



Sustainability Report 2019

talánx.

Insurance. Investments.

Contents

	PAGE
Our Organisation	2
Highlights 2019	3
Indicators	4
Foreword	5
About Us	7
Corporate Governance	10
<hr/>	
	PAGE
Sustainability Strategy and Management	12
<hr/>	
	PAGE
Action Areas	
1 Compliance and Transparency	32
2 Investment and Insurance Products	42
3 Work and Employees	56
4 Day-to-day Operations and Procurement	73
<hr/>	
	PAGE
Further Information	
About this report	88
GRI content index	92
Contact information	98

At certain points in this Sustainability Report you will find links to more detailed information:



Reference to other places in the Sustainability Report



Reference to the GRI Standards



Reference to websites

Underlined sections within the document indicate links leading to additional information.

Our Organisation

Talanx is a multi-brand provider in the insurance and financial services sector. Group companies operate under a number of different brands. These include HDI, which delivers insurance solutions to retail customers and industrial clients; Hannover Re, one of the world's leading reinsurers; bancassurance specialists neue leben insurers, PB insurers and TARGO insurers; and Ampega, a fund provider and asset manager.

Taking a responsible, long-term approach is our core business as an insurance provider. As an international group and a long-term investor, Talanx is therefore committed to responsible corporate governance designed to achieve sustainable value creation. This also applies to social and environmental matters.

The Talanx Group has over 40 subsidiaries and branch offices on five continents around the world, as well as being active through partnerships in more than 150 countries.



Highlights 2019

2038

In April 2019, Talanx announced that it would stop insuring coal risks by 2038.

[SR 19 – page 48](#)

Talanx successively extended its reporting to include additional companies.

[SR 19 – page 89](#)



Talanx signed up to the Principles for Responsible Investment (PRI) in November.

[SR 19 – page 44](#)



Together we take care of the unexpected and foster entrepreneurship: A total of 4,000 staff in 16 countries took part over the summer in surveys and workshops to develop the Talanx Group’s purpose.

[SR 19 – page 35](#)



Talanx calculated its carbon footprint for Germany for the first time.

[SR 19 – page 75](#)

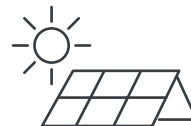
In October, the Board of Management resolved Talanx’s sustainability goals and measures for the coming years.

[SR 19 – page 18](#)



Talanx has avoided, reduced and compensated all greenhouse gases in Germany for 2019, thereby making its first year carbon neutral.

[SR 19 – page 75](#)



In June, the Talanx Group further expanded its sustainable investment strategy, providing the finance for a Spanish solar farm as the project’s largest investor.

[SR 19 – page 29](#)



More employee health days were held during 2019 – this time in Hannover, Nuremberg, Mainz, Essen, Hamburg, Stuttgart, Hilden and Cologne.

[SR 19 – page 70](#)

Indicators

FINANCIAL, ENVIRONMENTAL AND EMPLOYEE INDICATORS

Indicator	Unit	2019	2018
Financial indicators and metrics			
Gross written premiums	EUR million	39,494	34,885
Operating result (EBIT)	EUR million	2,430	2,032
Group net income	EUR million	923	703
Return on equity ¹	%	10.0	8.0
Investments under own management	EUR million	122,638	111,868
Number of employees ²	Headcount	22,824	22,193
Shares in free float	%	21.0	21.0
Gross written premiums (primary insurance)	EUR million	18,410	16,212
Report's coverage of the Talanx Group³			
Percentage of Talanx Group employees covered	%	77.0	74.0
Percentage of Talanx Group gross premiums covered	%	36.8	37.5
Percentage of Talanx Group gross premiums for primary insurance covered	%	79.0	80.8
Compliance and Transparency			
Employees covered by the Code of Conduct	%	100.0	100.0
Female members of Talanx AG's Supervisory Board	%	31.3	31.3
Female members of Talanx AG's Board of Management	%	0.0	0.0
Female members of boards of management/managing directors of Talanx Group companies ⁴	%	9.9	11.2
Investment and Insurance Products			
Volume of infrastructure investments	EUR billion	~2.5	~2.1
Work and Employees⁵			
Total continuing professional development days	Days	24,000	23,000
Continuing professional development days per employee	Days	2.9	2.5
Management positions filled internally	%	85.9	76.2
Employee turnover	%	7.8	8.5
Length of service	Years	15.2	15.4
Female employees in Group ⁶	%	50.6	50.7
Women in management positions in Group ⁶	%	30.2	29.5
Retention rate 12 months after return from parental leave	%	91.1	93.7
Days lost	%	6.6	7.0
Day-to-day Operations and Procurement⁷			
Energy consumption per employee	MWh	16.7	22.8
Paper consumption per employee	Kilograms	47.8	42.7
Water consumption per employee	Litres	9,337.5	8,508.0
Business travel and trips in company cars	Millions of km	116.8	116.6
Business travel and trips in company cars per employee	Km	6,647.4	8,152.8
Total CO ₂ emissions (Scope 1 + 2 + 3)	Metric tons	87,877.9	93,443.3
CO ₂ emissions (Scope 1 + 2 + 3) per employee	Metric tons	5.0	6.4

¹ Ratio of net income excluding non-controlling interests to average equity excluding non-controlling interests

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

³ This report relates mainly to the primary insurance sector and our Group functions. Information on Hannover Re SE is not normally included in this report because the company publishes its own sustainability report. The sustainability strategy and goals also apply to the Talanx Group excluding the Hannover Re Group. Employee coverage is based on the Talanx Group's total workforce, i.e. 22,824 employees; coverage in terms of gross premiums as indicated is "total" and pro rata for the Primary Insurance segment.

⁴ Comprises the entire Talanx Group (including the Hannover Re Group), as in the previous year. Members of the Board of Management with multiple functions are only counted once.

⁵ Unless otherwise stated, this comprises 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.

⁶ Comprises the entire Talanx Group (including the Hannover Re Group), as in the previous year

⁷ Deviations between the current data and the figures for previous years cannot be ruled out due to the continuous expansion of the report boundaries. As a result, the change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes in the relevant sections of the report.

Foreword

Dear ladies and gentlemen,

GRI 102-14 The Talanx Group is working to make our Company more sustainable in all areas. As a leading-edge enterprise with a long and rich tradition, we are rising to this crucial challenge and supporting the transition to a low-emissions and socially responsible economy. This end-to-end vision is at the heart of our sustainability strategy, which we refined in the course of the past year and will now update annually going forward.

Our sustainability strategy covers our operations, underwriting activities and investments, and our social commitment. One important element is that we want our operations to be fully carbon-neutral in the longer term. We successfully implemented this goal in Germany in financial year 2019 by calculating our corporate carbon footprint. This transparency is helping us to reduce our emissions. Now we are examining how to extend carbon neutrality to additional regions. What we cannot currently reduce, we offset. To achieve this, we are supporting two high-quality offset projects in Brazil and Uganda that focus on sustainable forestry. In addition, by joining the

German Allianz für Entwicklung und Klima (Alliance for Climate and Development) we are promoting high quality standards for such schemes. At the same time, of course, we are looking at our internal workflows in greater detail and ensuring we use resources sparingly – for example, we deploy innovative towel dispensers within our organisation and have modified the rules governing company cars so as to cut carbon emissions.



■ Torsten Leue, Chairman of the Board of Management

In the area of underwriting, we are continuously enhancing our underwriting policy and focusing more on sustainability aspects. For example, we have already decided to stop insuring coal risks completely by 2038. The new Responsible Underwriting Committee creates transparency on our underwriting policy at Board of Management level, and provides a forum for discussing future enhancements. In addition, we will sign up to the Principles for Sustainable Insurance (PSI) in the current financial year and will also formally support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

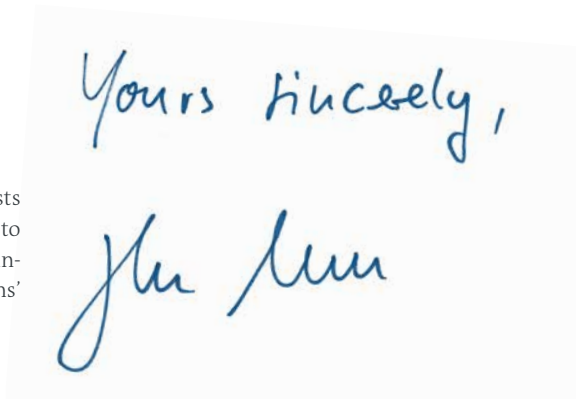
With respect to investments, we are successively strengthening our ESG approach and also created transparency about our portfolio with our commitment during the reporting period to observe the Principles for Responsible Investment (PRI). Equally, we are driving forward investments in climate-friendly infrastructure projects that assist with economic development. So far, we have already invested more than EUR 1.5 billion in renewable energy sources and just under EUR 1 billion in other infrastructure projects such as hospitals.

»By joining the Principles for Responsible Investment, we create additional transparency.«

Last but not least, our sustainability strategy focuses on the interests of society as a whole: for example, we are consistently committed to the Paris Agreement on climate change and also want our sustainability initiatives to specifically contribute to the United Nations' Sustainable Development Goals.

Dear readers, this Sustainability Report 2019 creates transparency about sustainability at the Talanx Group for the fifth year running. I would particularly like to welcome HDI Sigorta A.Ş. (Turkey) and HDI Global Insurance Company (USA), which have joined the list of companies covered this year. By working together, we can make a real contribution to sustainable development.

Thank you for taking the time to look at our Sustainability Report. I wish you a pleasant and informative read. We look forward to your feedback and to a fruitful discussion with you.



Yours sincerely,
Jochen Müller

About Us

We take ecological, social and governance aspects into account in our business activities.

GRI 102-1 | 102-3 | 102-5 | 102-7 The Talanx Group is a multi-brand provider in the insurance and financial services sector. It had 22,824 employees worldwide as at the end of 2019 (previous year: 22,193).¹ The Group parent is Talanx AG, which was granted a reinsurance license at the beginning of 2019; since then the Company has no longer been merely a holding company but is also engaged in operational business and serves as an intragroup reinsurer for the primary insurance companies. 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.

GRI 201-1 The Talanx Group's gross written premiums rose to EUR 39.5 (34.9) billion in financial year 2019. Operating profit (EBIT) climbed 20% to EUR 2.4 (2.0) billion, while Group net income for the Talanx Group amounted to EUR 923 (703) million.

Additional information on Talanx's business development, size and directly generated and distributed economic value can be found in the Group Annual Report 2019:

- For Talanx's premium volumes and the results of its segments and individual markets, see the "Business development" section on [page 30ff.](#)
- For its total assets including information on liabilities and equity, see Talanx AG's consolidated balance sheet on [page 128f.](#)
- For information on Talanx's shares, see "Talanx shares" on [page 13ff.](#) and "Earnings per share" on [page 230f.](#)
- For information on administrative expenses, see Note 32, "Acquisition costs and administrative expenses", on [page 220.](#)
- For information on personnel expenses, see Note 33, "Other income/expenses", on [page 221.](#)
- For information on interest and dividends paid, see Talanx AG's consolidated cash flow statement on [page 134.](#)
- For the reported tax expense, see Note 35, "Taxes on income", on [page 221.](#)

GRI 102-10 Material changes in the size, structure and nature of ownership of the Talanx Group in the financial year are described in the Group Annual Report 2019; see among other things the sections entitled "Fundamental information about the Group" ([page 18ff.](#)) and "Business development" ([page 30ff.](#)). No significant changes in the structure of the supply chain or in supplier relationships could be ascertained in the past financial year.

¹ This figure covers the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included. The total number including casual workers is 23,324 (22,642). Gender-neutral language has been used throughout this report.

Divisions, products and brands

GR1 102-4 | 102-7 | 102-45 Talanx has subsidiaries or branch offices throughout the world, and maintains business relationships with primary insurance and reinsurance customers in more than 150 countries overall. A list of all entities included in the consolidated financial statements is provided in the “List of shareholdings” section on [page 234ff.](#) of the Group Annual Report 2019.

GR1 102-2 | 102-6 | F56 The Group’s Primary Insurance operations comprise three divisions: Industrial Lines, Retail Germany (which comprises the Property/Casualty Insurance and Life Insurance lines) and Retail International. The Reinsurance Division consists of the Property/Casualty Reinsurance and Life/Health Reinsurance segments; these are operated by Hannover Re SE.

Since January 2019, speciality insurer HDI Global Specialty SE – a joint participating interest between HDI Global SE and Hannover Rück SE – has provided customised insurance solutions for industrial entities, groups and small and medium-sized enterprises. HDI Reinsurance (Ireland) SE was assigned to the Industrial Lines Division in the reporting period due to its intragroup sale by Talanx AG to HDI Global SE; previously it was reported under the Corporate Operations Segment.

The Group has assigned Talanx AG, which primarily has a strategic role, to the Corporate Operations Segment. The Company has had a reinsurance license since January 2019 and is also engaged in operational business. In addition, Corporate Operations comprises the Group’s internal service companies and reinsurance broker Talanx Reinsurance Broker GmbH. Ampega Asset Management GmbH, Ampega Investment GmbH and Ampega Real Estate GmbH mainly provide support for the Group’s investments and offer financial services, among other things.

The Group’s key brands include both Talanx and the traditional brand HDI. The latter is used by companies in the industrial insurance and retail businesses both in Germany and abroad (e.g. HDI Seguros and HDI Sigorta). Other significant brands are Hannover Re and E+S Rück, Ampega, TARGO insurers, PB insurers, neue leben insurers and Life-Style Protection. In Poland, WARTA and TU Europa are important brands, as are Posta Biztosító in Hungary and CiV life in Russia.

GR1 102-2 The Group companies operate the insurance lines and classes specified in the German 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 2019 ([page 18](#)).

GR1 102-2 As a listed insurance group, Talanx complies with national and international laws and does not distribute any products or services that are banned in certain markets. We have established an ESG¹ screening process for our investments, which we use as a basis for decisions to divest controversial holdings in a manner that does not disrupt the markets ([page 47f.](#)).

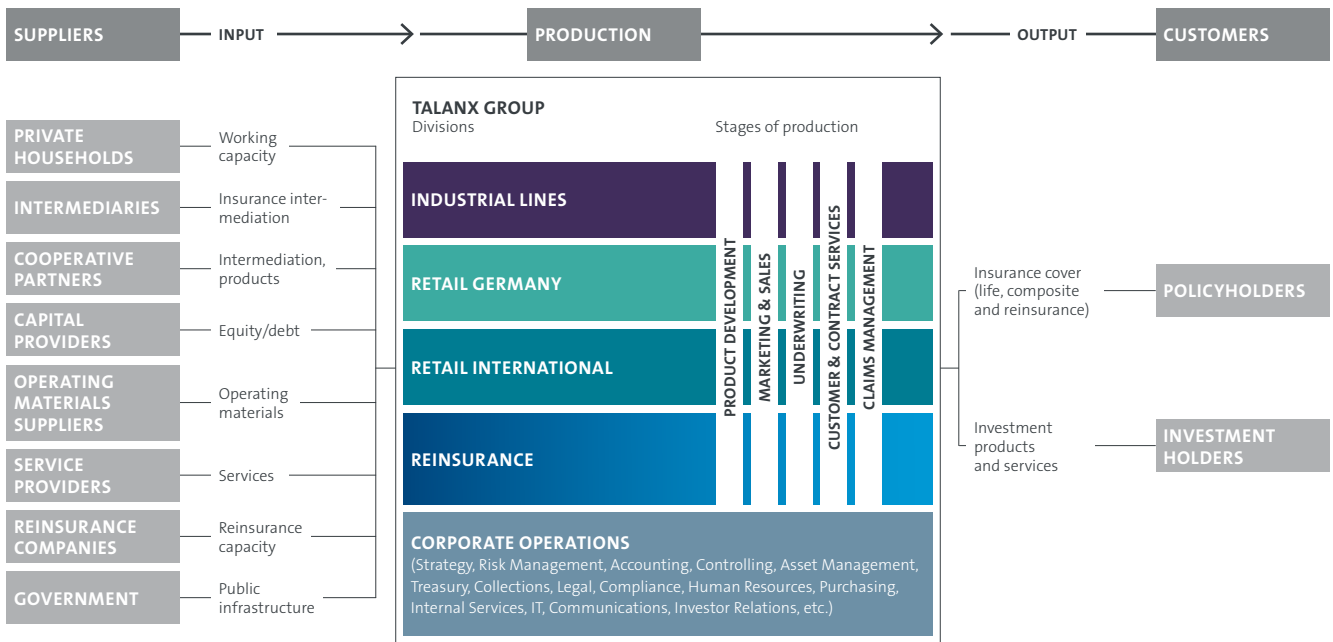
Further information on the Talanx Group’s divisions can be found in the “Group structure” section of the Group Annual Report 2019 ([page 20f.](#)).

¹ ESG: Environmental, social and governance

Value chain

GRI 102-9 The figure below shows the key elements of the Talanx Group's value chain in simplified form. For reasons of clarity, the diagram concentrates on the operational aspects of the insurance business. In addition, the Group provides other services, such as recommending and implementing loss prevention measures, reinsurance advice and intermediation, and claims management services.

THE TALANX GROUP'S VALUE CHAIN



The Talanx Group requires production inputs, which are shown in the diagram under “input”, to produce insurance cover and other 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 (the “output”) are shown separately under “intermediaries”.

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

The different production stages at the Talanx Group are modelled using the following five steps: “product development”, “marketing & sales”, “underwriting”, “customer & contract services” and “claims management”. Group functions and departments contribute to

implementing these steps. The Hannover Re Group largely has its own functions and structures.

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

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

Corporate Governance

Responsible corporate management and oversight designed to achieve sustainable value creation

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

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

GRI 102-18

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 in the Group Annual Report 2019 and "Tasks of the committees".

GRI 102-22 | 102-24

Nominating and selecting the highest governance body

Board of Management

- Corporate Governance Principles, section V "Board of Management"
- Articles of Association, section III "Board of Management"
- "Board of Management" section of the corporate governance report of the Group Annual Report 2019
- Section of the corporate governance report entitled "Targets 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 2019

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 2019.

Tenure of the governance body

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

GR1 102-25

Avoidance of conflicts of interests

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

GR1 102-35

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 2019.

Supervisory Board

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

- Corporate Governance Principles, section VI “Supervisory Board”
- “Supervisory Board remuneration” section of the remuneration report in the Group Annual Report 2019.

GR1 102-22 | 102-23 | 405-1

Current composition of the Board of Management and Supervisory Board

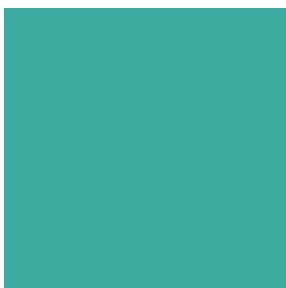
Talanx AG’s Board of Management had six members as at 31 December 2019. Torsten Leue is the Chairman of the Board of Management; see also the “Board of Management” section of the [Group Annual Report 2019](#) and the [Talanx website](#).

Information on diversity among the governing bodies and the workforce, and on the Group’s diversity policy, can be found in the sections of the corporate governance report entitled “Targets in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG” and “Diversity concept – targets for Board of Management and Supervisory Board composition and status of implementation” in the [Group Annual Report 2019](#).

The Supervisory Board had 11 male and 5 female members as at 31 December 2019. Three of the female Supervisory Board members are employee representatives and two are shareholder representatives. Herbert K. Haas is the Chairman of the Supervisory Board; see also the “Supervisory Board” section of the [Group Annual Report 2019](#) and the [website](#).

The members of the committees are given in the “Supervisory Board Committees” section of the [Group Annual Report 2019](#), 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 2019](#) and the [declaration of conformity with the German Corporate Governance Code](#) in accordance with section 161 of the German Stock Corporation Act (AktG)).



Sustainability Strategy and Management

	PAGE
Sustainability strategy and governance	15
Sustainability goals	18
Materiality analysis	22
Sustainability management	27
Sustainable Development Goals	29

We all
have the
same goal



For me, “together”
means combining
knowledge, culture
and passion
in a single goal.

■ Ceyhan Hancıoğlu, General Manager of HDI Sigorta



Over 4,000 employees were involved in the development of the Talanx Purpose

Together we take care of the unexpected and foster entrepreneurship

In 2019, more than 4,000 Talanx employees from Sydney to São Paulo helped define the Talanx Group's Purpose. This started with the question "why?" Why do we do what we do? What drives us? The reason for our existence, our destiny – our Purpose. For Talanx, the answer is: "Together we take care of the unexpected and foster entrepreneurship". What does this mean for our day-to-day work? And for our focus on doing business sustainably?

"What" describes the Group's new strategy with its ambitious and clearly defined growth and profitability targets. The answer to "how" can be found in our corporate culture, which is "traditionally different": decentralised operations, entrepreneurship, our B2B focus and our long-term approach that is rooted in our origins as a mutual insurance company.

The question "why" helps us not only to compete for customers and recruit the best talent but also to attract investors on the capital market. It is critical to Talanx's long-term, sustainable success.

THE ANSWER TO THE QUESTION "WHY"

■ There are three ideas behind the Talanx Purpose, "Together". Firstly, "Together" refers to the mutual insurance company that was the foundation for the Talanx Group in 1903. Second, "we take care of the unexpected" stands for the recognition that we do not see the unknown as a threat, but rather as a promise to our customers to be there when they really need us. Finally, "foster entrepreneurship" aims to strengthen an entrepreneurial attitude, both at our clients and partners and within the Talanx Group.

Together.

Together we take care of the unexpected and foster entrepreneurship



Sustainability Strategy and Management

We are committed to responsible corporate management designed to achieve sustainable value creation.

For the Talanx Group, sustainability means recognising the limits to what our planet and the people living on it can take. We are confronted every day with the social and ecological challenges of our time, and especially with climate change and demographic developments. 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 committed to responsible corporate governance designed to achieve sustainable value creation. This report aims to describe how we ensure we can continue to deliver tomorrow by taking a forward-looking approach to what we do today.

As a global insurer, we are also actively contributing to achieving global sustainability goals: the United Nations' Sustainable Development Goals (SDGs), which came into force at the beginning of 2016, comprise 17 concrete targets designed to make the world a more sustainable and fairer place in the period up to 2030. In 2019, the Talanx Group identified seven goals to which it can make concrete contributions (SDG 4: Quality Education, SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 12: Responsible Consumption and Production and SDG 13: Climate Action).

Sustainability strategy and governance

GR 102-40 | 102-42 | 102-44 We derived our sustainability strategy from the Group's overarching strategy and aligned it with the Group's mission statement and values. It comprises concrete action areas, goals and measures and serves to ensure that our operations are in line with ecological and social challenges – in keeping with the Ten Principles set out in the UN Global Compact and with the UN Sustainable Development Goals (SDGs).

We worked together with the Corporate Development department in financial year 2019 to enhance our sustainability strategy. Its contents and strategic cornerstones were discussed in detail and resolved during a closed-door meeting of the Board of Management that was held in the autumn. As the graphic entitled "The Talanx Group's sustainability strategy" below shows, the revised sustainability strategy addresses not only the social context in which the Talanx Group operates but also and in particular our core business: asset management, underwriting and operations.

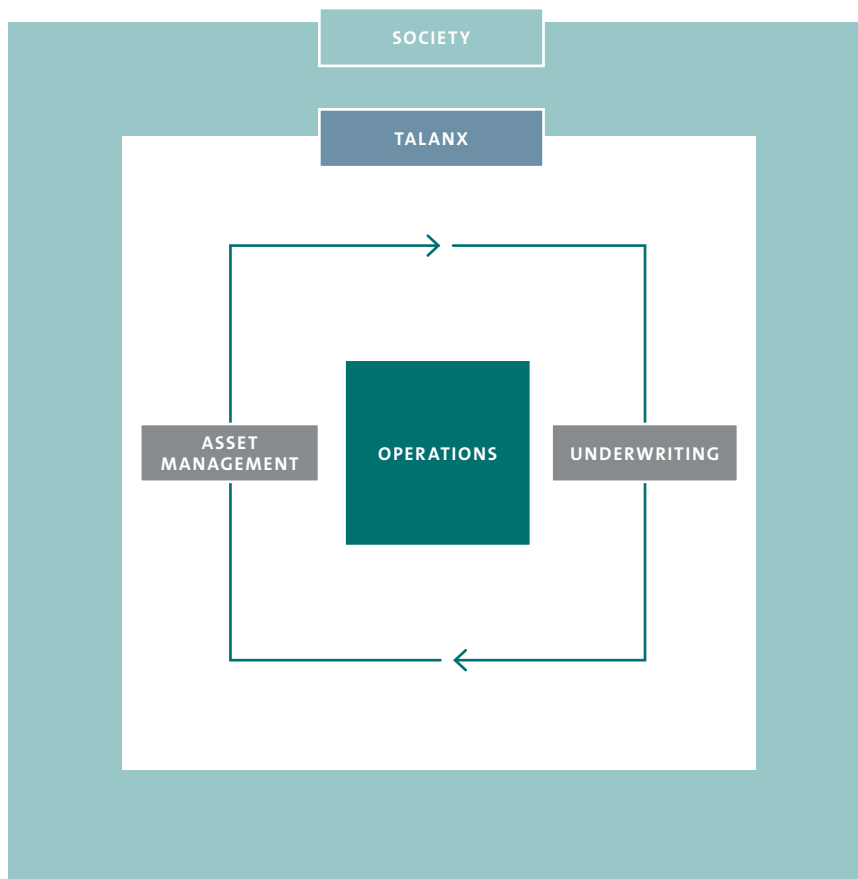
The main ways in which we at Talanx can contribute to sustainable development is through our asset management and insurance products. This is why we aim to integrate sustainability aspects more closely with our asset management activities (in line with the ESG criteria adopted by the Talanx Group), our insurance products and services, and our operational processes.

Our enhanced sustainability strategy builds on our internal discussions of the SDGs to date, which included a priorities workshop attended by a number of specialist departments, among other things. It focuses in particular on the following SDGs: SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 7 (Affordable and Clean

Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

In addition, the strategy and our sustainability management activities are based on our stakeholders' requirements and interests. Our customers, investors and employees play a particularly important role here. For further information on our stakeholder survey and stakeholder dialogue, and on how Talanx's material sustainability topics are determined, see the section entitled ["Materiality analysis"](#).

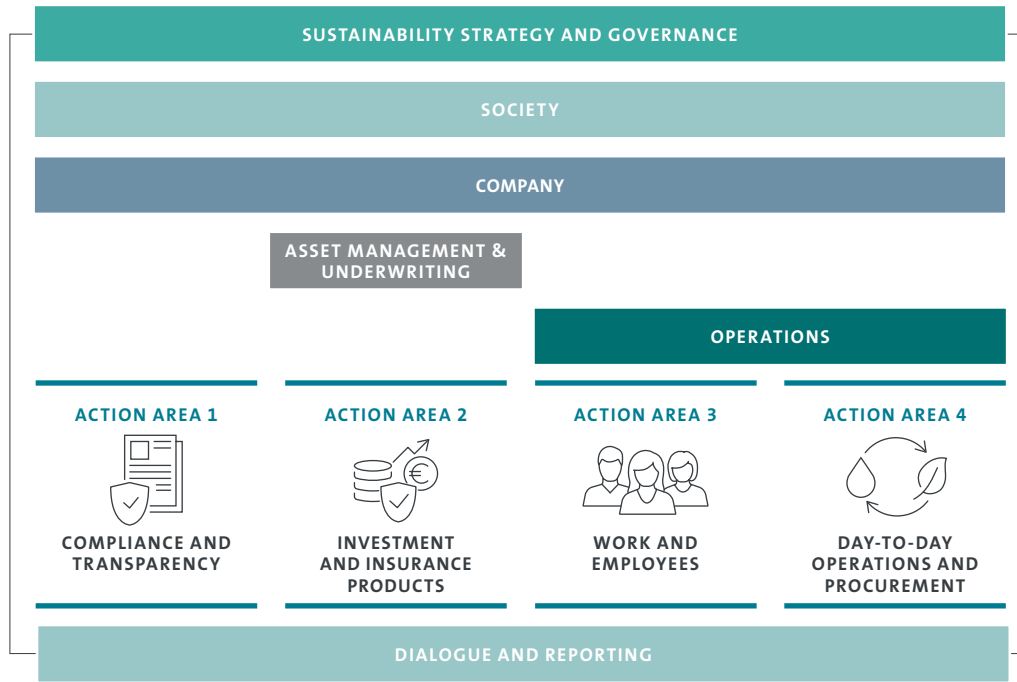
THE TALANX GROUP'S SUSTAINABILITY STRATEGY



Action areas

As the following graphic shows, the Talanx Group's sustainability strategy comprises two overarching areas – “Sustainability Strategy and Governance” and “Dialogue and Reporting” – plus four action areas:

THE TALANX GROUP'S SUSTAINABILITY STRATEGY – ACTION AREAS



Compliance and Transparency

The Compliance and Transparency action area is an interdisciplinary function covering adherence to statutory, legal and regulatory requirements and to the Company's own Code of Conduct throughout the Group and across all action areas. Both the trust placed in the Talanx Group and its competitiveness depend on this foundation for legally correct, responsible and ethical conduct. In addition to topics such as anti-money laundering and anti-corruption, it covers data protection/cybersecurity and tax compliance, for example. The Talanx Group wishes to be transparent about these and other topics.

[SR 19 – p. 32](#)

Investment and Insurance Products

Within the Talanx Group, the main areas of our business activities in which sustainability needs to be taken into account are our investments and insurance products. For this reason, our long-term goal is to take sustainability criteria into account in our investments, insurance products and services. Topics such as transparency, easy-to-understand information and fair advice play an important role here. We underscore the sustainability activities for our core business by electing to apply or become part of recognised international frameworks, initiatives and reporting standards. [SR 19 – p. 42](#)

Work and Employees

The Work and Employees action area reflects our desire to take our employees' interests into account and to be an attractive employer and vocational 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. Talanx also assumes social responsibility by actively working to promote 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. [SR 19 – p. 56](#)

Day-to-day Operations and Procurement

The goal of the Day-to-day Operations and Procurement action area is to organise our daily business and purchasing activities in a sustainable manner. This includes, for example, using resources sparingly, sourcing environmentally friendly products, respecting employee and human rights (including along the supply chain), and reducing our direct and indirect greenhouse gas (GHG) emissions. We also want to encourage Talanx employees to conserve resources and take sustainability into account in their day-to-day activities, e.g. during business trips. [SR 19 – p. 73](#)

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. The following table gives an overview of the current sustainability goals that have been approved by the Board of Management for the relevant action areas, plus their status. Prior-year goals that have already been achieved have been deleted from the list in order to improve legibility. The current status of the goals is reviewed, and an assessment made as to whether to add new ones, on an annual basis. The baseline year/comparative year for the goals is normally the 2015 reporting period, the year for which Talanx first published a sustainability report.

THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Goal	Measure	Scope	Deadline	Status
Strategy and Governance page 15				
Continuously review of the sustainability strategy and the strategic action areas	Address the UN Sustainable Development Goals (SDGs) internally and integrate these with the sustainability strategy	Talanx Group	Ongoing	In process
	Develop a sustainability programme comprising short-, medium- and long-term goals; successively integrate additional subsidiaries with the goals process	Talanx Group	Ongoing	In process
	Successively implement the sustainability strategy in our core markets	Talanx Group	Ongoing	In process
Optimise sustainability management	Examine whether to sign up to the UN Global Compact	Talanx Group	2020	In process
	Examine whether to sign up to the Principles for Responsible Investment (PRI)	Talanx Group	2019	Done
	Examine whether to sign up to the UN Principles for Sustainable Insurance (PSI)	Talanx Group	2020	Done
	Examine whether to formally support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	Talanx Group	2020	Done
Dialogue and Reporting page 22				
Prepare an annual sustainability report in accordance with the GRI Standards	Expand the sustainability information available on the Talanx website	Talanx Group	Ongoing	In process
	Successively extend reporting to companies in the target regions	Talanx Group	Ongoing	In process
	Enhance and optimise sustainability reporting in accordance with the GRI Standards, SDGs and TCFD	Talanx Group	Ongoing	In process
Regularly perform stakeholder dialogue and materiality analysis	Examine greater cooperation with a key stakeholder	Talanx Group	Ongoing	In process
Enhance attractiveness for value investors and sustainability investors by participating in major ESG ratings	Inclusion in at least one recognised sustainability index and continuous improvement of the key ESG ratings identified for Talanx	Talanx Group	Ongoing	In process
Compliance and Transparency page 32				
Material topic: compliance				
Review Compliance Guidelines for sustainability criteria and incorporate where necessary	Expand compliance management system to include Group-wide integrity management	Talanx Group	2020	In process
Optimise compliance management	Regularly review corruption risk using compliance risk analyses produced as part of compliance planning	Talanx Group	Ongoing	Done

THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Goal	Measure	Scope	Deadline	Status
Material topic: human rights at Talanx				
Review Talanx's Code of Conduct	Stronger focus on the human rights aspect	Talanx Group	2022	In process
Material topic: data protection and cybersecurity				
Supplement data protection solutions to incorporate initial experience gained since May 2018 (data protection guidelines, sample texts, checklists, etc.)	Review the requirements and the solutions used in the light of experience and interpretations to date	Germany	2019	Done
Train senior executives and hold refresher courses every two years (attendance ratio at least 95%)	Roll-out e-learning data protection training course: refresher training concept to be completed in 2019 (the first roll-out took place in May 2018)	Germany	2019	Done
Extend the data protection training programme	Revise the training content (e-learning) and increase attendance ratio for employees (including new employees) achieved in 2018	Germany	2019	Done
Optimise the components of the data protection management system	Enhance the methods and procedures used to ensure compliance with the requirements governing records of processing activities, data protection impact assessments and the rights of data subjects	Germany	2019	Done
Continue establishment of support services for foreign data protection management within the Primary Insurance Group	Establish collaborative model for EU locations outside Germany to ensure compliance with minimum data protection standards	Talanx Group's EU locations	2020	In process
Expand ad hoc monitoring policy in accordance with Art. 37 of the GDPR	Overview of ad hoc monitoring performed in functions and projects and at processors to assess compliance of processes and applications with data protection requirements	Germany	2020	In process
Expand policy for data protection coordinators (contacts within functions); among other things, these should perform function-specific data protection monitoring	Continue appointment and training of data protection coordinators and roll out modified policy for data protection monitoring by data protection coordinators appointed	Germany	2020	In process
Train senior executives and hold refresher courses every two years (attendance ratio at least 95%)	Roll-out e-learning-based data protection course as refresher training for course held in May 2018	Germany	2020	In process
Implement employee data protection training	Roll-out e-learning-based data protection course as refresher training for course held in May 2018	Germany	2020	In process
Assess monitoring required for EU locations	Used structured survey to establish necessary monitoring measures to be performed by Group Data Protection at EU locations (starting in November 2019)	Talanx Group's EU locations	2020	In process
Maintain ISO 27001 certification	Perform annual surveillance audits and obtain recertification of information security management systems after three years	Talanx Group	Ongoing	In process
Material topic: digital transformation				
Improve efficiency, increase revenue, enhance cooperation readiness/ interfacing ability	Defined initiatives and KPIs for the individual divisions	Industrial Lines, Retail International Division, Retail Germany Division	2022	In process
Investment and Insurance Products page 42				
Material topic: responsibility to customers				
Easy-to-understand information about insurance solutions	The relevant companies in the Retail Germany Division have signed up to the Code of Conduct issued by the German Insurance Association (GDV). Following the implementation of the Insurance Distribution Directive (IDD), the companies have undertaken to abide by the revised, IDD-compliant version of the Code.	Germany and HDI Global SE	2018	Ongoing
Financial incentives for fair sales advice in the remuneration system	The provisions of the EU's Insurance Distribution Directive (IDD) were implemented at HDI Deutschland AG's and HDI Global SE's subsidiaries on schedule	Germany and HDI Global SE	2018	Done
Material topic: ESG in asset management				
Check sustainability criteria when selecting investments	Continuously review and, where appropriate, fine-tune sustainability approach applied in asset management (filter catalogue extended to include oil sands and phaseout of coal by 2038)	Talanx Group	Ongoing	In process
Increase investments in infrastructure and renewable energy sources to up to EUR 5 billion	Continue sectoral diversification of infrastructure portfolio	Talanx Group	Ongoing (longer-term goal)	In process
Enhance the sustainability approach adopted in asset management	Develop a climate strategy for the portfolio	Talanx Group	2021	Ongoing

THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Goal	Measure	Scope	Deadline	Status
Material topic: ESG in insurance solutions				
Support, develop and expand sustainable insurance solutions	Establish an ESG committee for underwriting (Responsible Underwriting Committee, RUC)	Talanx Group	2020	Done
	Continuously review and, where appropriate, fine-tune sustainability approach applied in underwriting	Talanx Group	Ongoing	In process
Work and Employment page 56				
Material topic: employee recruitment and development				
Review human resources guidelines for sustainability criteria and incorporate these where necessary	Analyse/review existing guidelines for sustainability criteria	Germany (Primary Insurance)	Ongoing	In process
Ensure adequate numbers of talented young staff	Facilitate initial vocational training and dual-track degree programmes	Germany (Primary Insurance)	Ongoing	In process
Maintain/restore employees' working capacity	<ul style="list-style-type: none"> ■ Roll out employee health days/health management to locations ■ Employee qualification offerings ■ Sports offerings for employees ■ Continue existing health/screening and prevention programmes 	Germany (Primary Insurance)	Ongoing	In process
Extend further education measures for specialists and managers	Personal development and induction programmes for specialists/experts, managers and project team leaders	Germany (Primary Insurance)	Ongoing	In process
Material topic: Talanx as an employer				
Diversity/increase proportion of women in management positions (rate of increase depends on the starting position for the company concerned)	Recruit women to at least 25% of vacant management positions at all levels of the hierarchy in Germany	Germany (Primary Insurance)	Ongoing	In process
	Recruit women to at least 35% of management positions	WARTA Group	Ongoing	In process
	Mentoring programme for women	Germany (Primary Insurance)	Ongoing	In process
	Frauen@Talanx network	Germany	Ongoing	In process
	Seminar offering for women	Germany (Primary Insurance)	Ongoing	In process
Work-family balance/work-life balance	<ul style="list-style-type: none"> ■ Flexible working time models (flexible and part-time working, where the tasks performed permit this) ■ Introduce mobile working ■ Deferred compensation scheme ■ Contribution to childcare costs ■ Parent-child office ■ Talingo EAP (external advice for employees) 	Germany (Primary Insurance)	Ongoing	In process
Internationality	<ul style="list-style-type: none"> ■ International Management Development Programme (MDP) ■ Shadowing opportunities for foreign employees ■ Secondments abroad 	Talanx Group	Ongoing	In process
Employee survey	Organisational Health Check survey	Talanx Group	Annually	In process
Remuneration and performance	<ul style="list-style-type: none"> ■ Positions assigned to salary bands set out in collective agreement for the insurance industry ■ Use of Hay job evaluation method, including associated remuneration system, for management functions 	Talanx Group	Ongoing	In process
Promote employee health	Roll out employee health days/health management to locations	Germany	Ongoing	In process
Topic: corporate citizenship				
Establish Group-wide corporate citizenship guidelines/strategy	Enhance social commitment policy taking the SDGs into account	Talanx Group	Ongoing	In process
	Capture social projects throughout the Group	Talanx Group	Ongoing	In process

THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Goal	Measure	Scope	Deadline	Status
Day-to-day Operations and Procurement page 73				
Material topic: climate change				
Transparency, include climate change aspects in sustainability strategy	Calculate carbon footprint and offset unavoidable CO ₂ emissions produced during operations (carbon neutrality in Germany)	Germany	2019	Done
	Plan international climate strategy	Talanx Group	2020	In process
Material topic: supplier management				
Take sustainability criteria into account more in procurement	Develop and successively implement a uniform Group code of conduct for suppliers in appropriate languages	Talanx Group	2018	Done
	Review, develop and successively implement a procedure for assessing suppliers in accordance with environmental and social standards		Ongoing	In process
Material topic: environmental protection in the enterprise				
Reduce CO ₂ emissions and consumption of energy and resources	Successively migrate to renewable energy sources (green electricity)	Germany	2019	Done
	Optimise energy consumption by adjusting timer programmes, using efficient LED lighting in all buildings owned by Talanx and making greater use of occupancy detectors in offices (implementation of measures identified in the energy audit)	Germany	approx. 2026	In process
	Investigate switch to recycling paper (Print Center, departmental printers)	Germany	2021	In process
	Step up internal communication on cutting energy and paper consumption in the workplace (continuously raise employee awareness of sustainability)	Germany	Ongoing	In process
	Systematically replace old equipment by next-generation versions, e.g. energy-efficient, environmentally friendly refrigerators and air conditioning units	WARTA Group	Ongoing	In process
	Expand and promote corporate environmental protection	Successfully pass commission audit for the "ÖKOPROFIT" project sponsored by the City and Region of Hannover	Germany, Hannover	2019
Form a "sustainability community" at our Hannover location		Germany, Hannover	2020	Done
Participate in the "Hannover ohne Plastik" (HOP – "Hannover without Plastic") initiative. Measures include reducing plastic bottles by using water coolers, and reducing plastic packaging in canteens and cafeterias. Removal of waste paper baskets and plastic inserts in offices in Hannover and Cologne		Hannover, Cologne	2019	Ongoing
Continuously review the possibility of capping spikes in electricity usage		Germany	2019	In process
Expand and promote sustainable mobility policies		Equip all company cars with a Climate Card fuel card, which ensures that the CO ₂ emissions are offset in full.	Germany	2020
	Mobility policy/sustainability strategy: a) Only vehicles in energy efficiency classes A and B will be permitted as new company cars (status vehicles) b) Plug-in hybrid vehicles that are eligible for subsidies under the German Electromobility Act (EmoG) will be permitted as new company cars c) Company cars do not have to be used as the preferred means of transport; climate-friendly alternatives such as rail travel are also permitted d) The holding period for vehicles will be reduced to 48 months. This will enable a more rapid switch to new technologies.	Germany	2020	In process

THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Goal	Measure	Scope	Deadline	Status
	Electromobility:	Germany	2020	In process
	a) Implementation of plans for expanding charging stations at locations currently ongoing b) Company cars (hybrids) can be charged at locations. Monthly employer subsidy for private charging. c) Planning stage: Pilot project for all-electric vehicles as company cars d) Planning stage: Change to rules governing SUVs, from 2021 onwards only plug-in hybrids will be permitted			
	Use e-smarts for city trips in Hannover, Cologne, Hamburg and Dortmund in order to reduce pollutant emissions	Germany	2017	Ongoing
	Implement the measures resulting from the ÖKOPROFIT project	Germany, Hannover	2019	In process
	Retire E4 vehicles from Internal Services vehicle pool	Germany	2018	In process
	Completely replace the vehicle fleet with vehicles that comply with the Euro 5 or Euro 6 standards	WARTA Group	Ongoing	In process
	Pilot driving training programme for company car users launched to promote economical driving and hence reduce fuel consumption, among other things	WARTA Group	Ongoing	Ongoing

Materiality analysis

GRI 102-40 | 102-43 | 102-46 In keeping with the GRI Standards and the German CSR Directive Implementing Act (CSR-RUG), our sustainability report is based on a materiality analysis. We updated and expanded our 2014 stakeholder survey in financial year 2018. We identified the topics that are relevant for our sustainability reporting using an internal survey of internal stakeholders and an online survey of external ones, plus telephone interviews with experts that were conducted in close cooperation with an external partner.

We asked our internal stakeholders about the categories “relevance from their own perspective”, “impact of business activities” and “relevance to the business”. Our external stakeholders evaluated the relevance of the topics from their own individual perspectives. In the surveys, we investigated a variety of potential material issues and ranked them for importance on a scale ranging from 1 (= not important) to 7 (= extremely important). We classified issues that received an average score of 5.0 or more in the evaluation as “material”. In addition, we held an internal workshop to prioritise the impacts of the Talanx Group’s operations on the non-financial matters and included these in our assessment.

Talanx AG’s Board of Management defined “climate change” as an additional material aspect and confirmed the material topics from the previous year during the revision of our sustainability strategy in 2019. Prior to this, we had included climate-related statements in the “ESG in asset management” and “ESG in insurance solutions” aspects. This means we have now identified a total of nine material issues within the meaning of the HGB; we also report on three other aspects voluntarily in the following. The allocation of the issues was adapted compared with the previous year in line with the HGB.

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

a key component in enhancing our sustainability strategy and our sustainability goals.

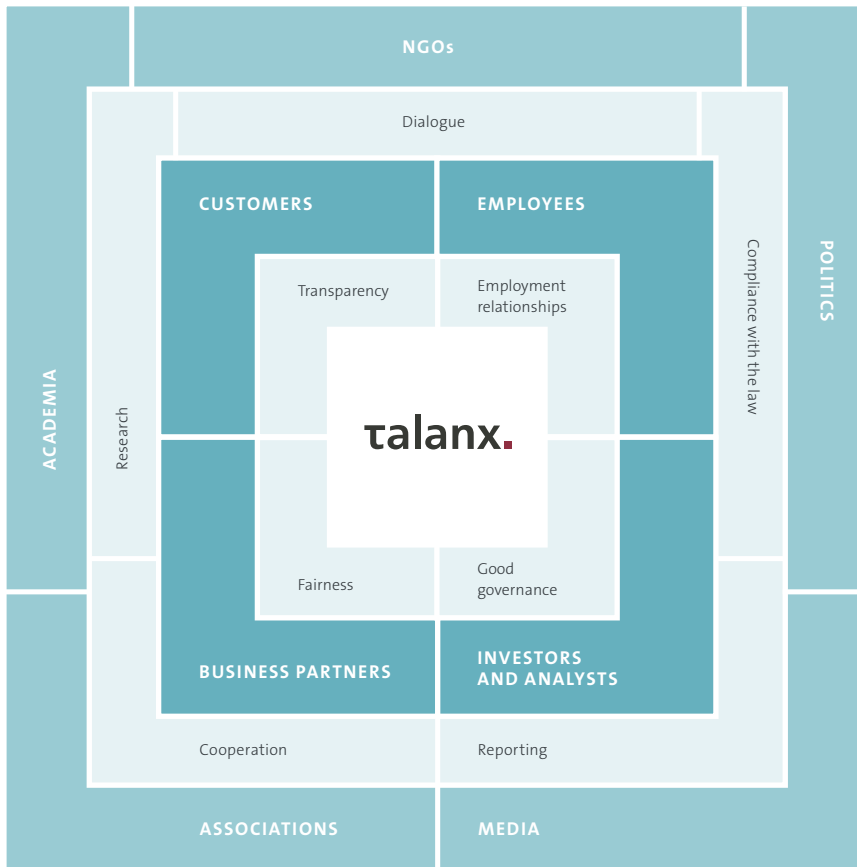
Identifying sustainability topics

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

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

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

THE TALANX GROUP'S STAKEHOLDERS



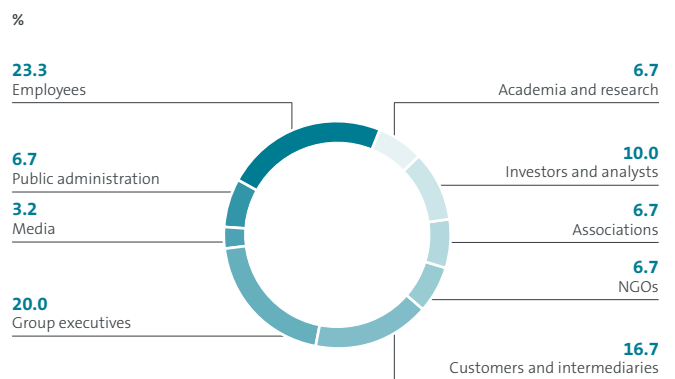
Stakeholder survey and prioritisation of topics

GRI 102-42 | 102-43 | 102-44 The main way in which we include our interest groups' opinions is via our stakeholder surveys, which we conduct regularly to identify material topics for our sustainability strategy and sustainability report. Additionally, we take part in a number of ESG rating processes that are specifically tailored to sustainability-conscious investors and analysts. In the reporting period, these included the CDP (formerly the Carbon Disclosure Project) and Sustainalytics.

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

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

STAKEHOLDER SURVEY PARTICIPANTS



In addition to polling internal and external stakeholders, we held an internal Group workshop on the materiality analysis together with the Talanx Group's Sustainability Competence Team. The latter comprises representatives from a wide range of departments and divisions who are directly affected by the topic of sustainability. The workshop was used to present and validate the results of the written

and telephone surveys. The assessments by our stakeholders and our Competence Team were used to identify material topics and content as defined by the GRI and the CSR-RUG.

As the highest governance body, the Board of Management was involved in the process of confirming material topics for the 2019 reporting period. For example, it confirmed the topics' importance and agreed the procedure for the stakeholder dialogue. The results of the materiality analysis were also discussed with the Board of Management members in order to validate them.

Material and additional topics

GRI 102-47 The materiality analysis described above enables us to compare and contrast the material topics using a materiality matrix. The figure entitled "The Talanx Group's materiality matrix" shows the impacts, relevance for our business and relevance for stakeholders of the topics assessed.

ACTION AREAS AND MATERIAL TOPICS FOR THE TALANX GROUP

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

NETHERLANDS

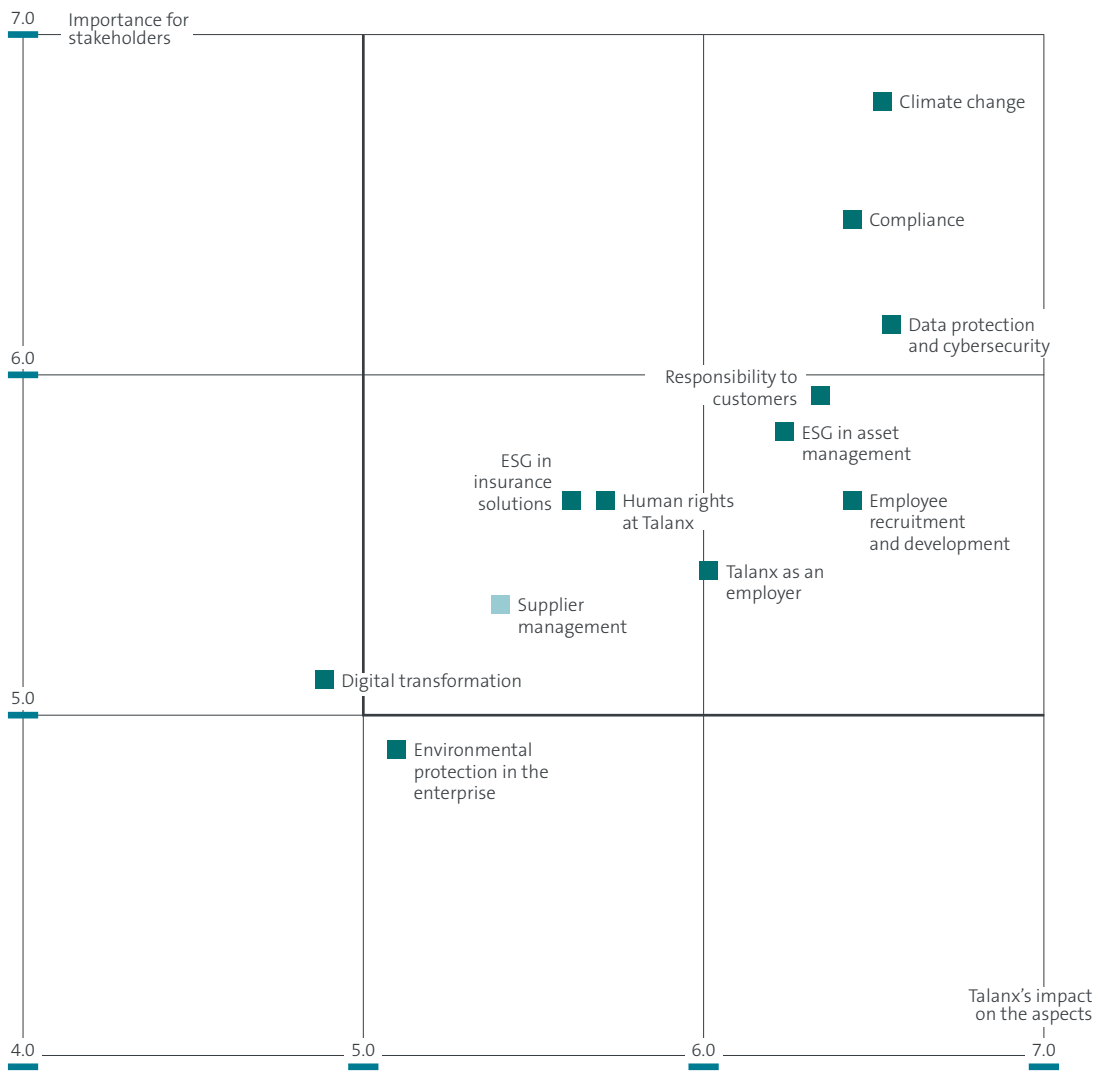
Sustainability ambassadors in the Netherlands

■ At the beginning of 2019, HDI Netherlands set up a Sustainability Team whose members act as sustainability ambassadors within the Dutch organisation. The group wants to develop ideas for sustainable projects together with interested colleagues from the company. In addition, it acts as an interface to the Talanx Group.

The Sustainability Team project was launched as part of a comprehensive program of cultural change at HDI Netherlands. The idea behind the project is that HDI Netherlands and its staff are jointly responsible for day-to-day decisions, and that they can make these more consciously together in the interests of sustainability. Information about the opportunities resulting from the project will be shared with other companies and branches going forward.



THE TALANX GROUP'S MATERIALITY MATRIX



Measured on a scale from 1 (= not important) to 7 (= extremely important).

■ Topic that is relevant to the Talanx Group's business. ■ Topic that is not relevant to the Talanx Group's business.

Another focus is on the additional topics that our key stakeholders consider to be relevant. We also include these topics in our sustainability reports in order to cater to all relevant stakeholders' information needs.

GRI 102-44 | 102-47 The following table provides an overview of all material topics and the additional topics that we report on. Blue squares indicate key topics from the last stakeholder survey (autumn 2018), while orange squares indicate topics from the initial Talanx stakeholder survey in 2014 that are not shown in the materiality matrix. Grey squares mark additional topics that we consider worthy of reporting over and above the materiality matrix. It also shows the boundaries of the topics within and outside the Talanx Group, i.e. the points in the value chain (page 9f.) impacted by the topic, and the players affected. Internally, these are mainly divisions and functions, while externally they are primarily players who have business rela-

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

The following table 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 12 MAs that are specific to the Talanx Group, see also the GRI content index (page 92ff.).

OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS

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

■ Material topics derived from the 2018 stakeholder survey (topics from the 2014 stakeholder have been combined in some cases)
 ■ Material topics from the 2014 stakeholder survey
 ■ Additional topics

OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS

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

- Material topics derived from the 2018 stakeholder survey (topics from the 2014 stakeholder have been combined in some cases)
- Material topics from the 2014 stakeholder survey
- Additional topics

Sustainability management

GRI 102-18 | 102-20 | 102-26 | 102-32 Talanx’s 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 Board has underscored the importance of sustainability to the Group through its [Sustainability Commitment](#), which was issued by the full Board of Management and has been published as voluntarily additional information on our website.

At an organisational level, Group Communications is responsible for sustainability, and frames and coordinates sustainability management activities for the Talanx Group. This includes developing sustainability goals and preparing the sustainability report. The head of Group Communications reports directly to the Chairman of the Board of Management.

GRI 102-29 | 102-31 | 102-32 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 and monitoring sustainability goals, 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 relevant companies, Corporate Operations and Talanx AG departments. We are in dialogue with the Hannover Re Group, our subsidiary, which has drawn up its own sustainability strategy and publishes a separate sustainability report.

In financial year 2017, we set up the Responsible Investment Committee (RIC) – a new sustainability body designed to implement our ESG screening process aimed at increasing the sustainability of investments – (see also the section entitled “ESG in asset management” on [page 47ff.](#)).

In financial year 2019, Talanx’s Board of Management decided, in the interests of increasing internal transparency about ESG aspects in underwriting, to add a fixed item – the “Responsible Underwriting Committee” (RUC) – to the agenda for both the first and another Board of Management meeting every year. This body will also look more closely at ESG aspects in underwriting, starting in January 2020.

GRI 102-12 The Talanx Group is involved in a number of sustainability, corporate social responsibility (CSR) and good governance initiatives. In addition to the German Corporate Governance Code and Poland’s “Best Practice of GPW Listed Companies” code, which governs com-

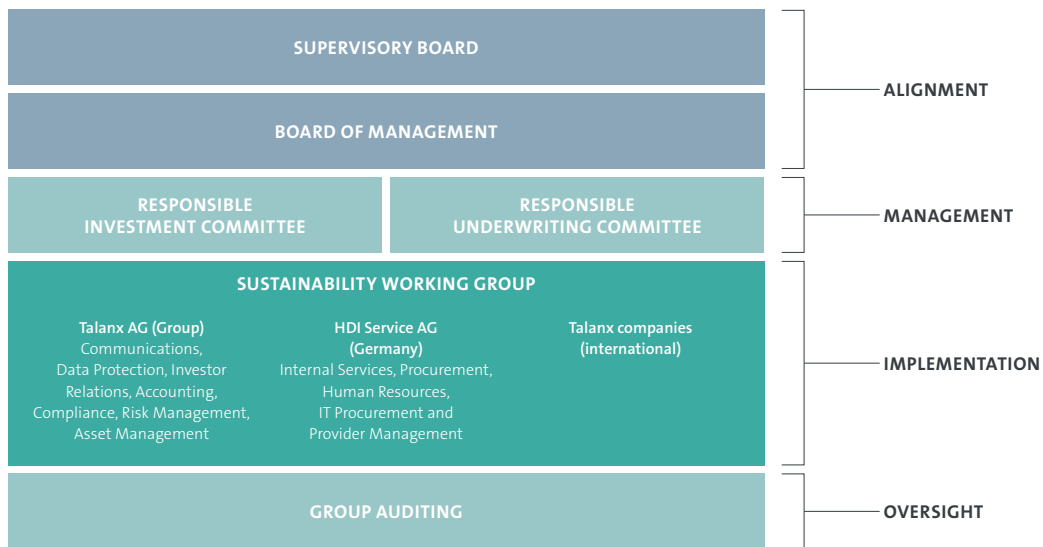
panies that are listed on the Warsaw Stock Exchange, these include (in the case of the Retail Germany Division) the Code of Conduct drawn up by the German Insurance Association (GDV). Talanx is also a member of the Hannover Climate Alliance 2020, has signed up to the Diversity Charter and has joined the Global Insurance Chief Compliance Officers (CCO) Forum. Additionally, Talanx became a member of the Fair Company Initiative in 2016, while in the reporting period it signed up to the Principles for Responsible Investment and joined the “Hannover ohne Plastik” (HOP – “Hannover without Plastic”) initiative.

Stakeholder inclusiveness

GRI 102-29 | 102-43 The Talanx Group liaises with its stakeholders in many areas, with a key focus being on determining impacts, opportunities and risks. For example, Human Resources is in contact with the co-determination bodies, Investor Relations has close relationships with shareholders and bondholders, and Group Communications addresses both the general public and employees. In addition, the Group and the companies belonging to it are, for example, members of regional and national associations and interest groups, and are therefore up to speed with current developments (see also the section entitled “The Talanx Group – key memberships” on [page 90f.](#)).

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 25ff. of the [Group Annual Report 2019](#)).

SUSTAINABILITY GOVERNANCE



Sustainable Development Goals

As a global insurer, we are actively contributing to achieving global sustainability goals: the United Nations' Sustainable Development Goals (SDGs), which came into force at the beginning of in 2016, comprise 17 concrete targets designed to make the world a more sustainable and fairer place in the period up to 2030. In particular, the Talanx Group supports the following seven of the United Nations' 17 Sustainable Development Goals.

QUALITY EDUCATION



More knowledge for everyone

The knowledge and skills that our employees need are changing all the time. One way we are meeting this challenge is by making learning processes more flexible and encouraging individual learning. Our LearningSpace system makes a very wide range of offerings available. In addition, we sponsor Germany's National Mathematics Competition and welcome employees from different countries who come to shadow colleagues.

AFFORDABLE AND CLEAN ENERGY



Investments in solar farms

The Talanx Group has already invested approximately EUR 2.5 billion in infrastructure and renewable energy sources, making it one of Germany's leading investors in this area. In 2019, it purchased one of Europe's largest solar farms, increasing its total green energy output from onshore and offshore facilities to a total of 934 MW. The farm will connect to the grid at the beginning of 2021 and will produce enough electricity to power around 80,000 households.

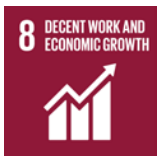
GENDER EQUALITY



Frauen@Talanx

The Frauen@Talanx network was formed in 2015 and now has more than 300 members, just under 50 of whom are actively involved in running it. It offers female colleagues from all areas of the Group a platform to exchange personal experiences and aims to ensure that women's professional expertise becomes more visible within the Group and that their development is encouraged. A very wide range of formats are used for this.

DECENT WORK AND ECONOMIC GROWTH



Gesund@Work

Talanx holds health days for its employees every year at a number of locations. The varied programme includes information stands, courses, presentations and trips. In 2019, the focus was on issues relating to health at work, such as ergonomic workplace design, contacts for health-related topics and sports programs offered by Talanx.

INDUSTRY, INNOVATION AND INFRASTRUCTURE



Promoting e-mobility

In April 2017, the Talanx Group became one of the first companies in the Hannover region to commission an all-electric postal delivery vehicle. The Company provides electric charging stations for employee vehicles at its Hannover location, while employees using e-bikes can recharge these for free. The existing infrastructure in Hannover and at other locations within Germany is currently being expanded.

RESPONSIBLE CONSUMPTION AND PRODUCTION



“Talanx without plastic”







Talanx has set itself the goal of helping the environment by significantly reducing the amount of plastic waste it generates, especially by avoiding individually wrapped portions. In addition, it joined the “Hannover ohne Plastik” (HOP – “Hannover without Plastic”) initiative. By signing up to the initiative, companies are committing to reducing the use of avoidable plastics in their own areas of responsibility in the future.

CLIMATE ACTION



100% carbon-neutral

Talanx has committed to observing three basic principles in relation to emissions: avoid, reduce and offset. Where emissions are unavoidable, Talanx supports offsetting projects: a reforestation project in Uganda and a sustainable forestry project in Brazil. In 2019, this permitted 31,000 t of carbon emissions to be offset at the Group’s German locations. In addition, Talanx joined the Allianz für Entwicklung und Klima (Alliance for Development and Climate) at the beginning of 2020 and has committed to upholding its objectives.

SDG	Our goals	Our KPIs	Results in 2019	Results in 2018
	<ul style="list-style-type: none"> Promote initial vocational training and career starts Extend further education measures for specialists and managers 	<ul style="list-style-type: none"> Number of vocational and graduate trainees Continuing professional development days per employee in Germany 	316 active vocational trainees 25 graduate trainees 2.9 days	328 active vocational trainees 20 graduate trainees 2.5 days
	<ul style="list-style-type: none"> Equal-opportunity advancement and recruitment of women Fill at least 25% of (vacant) management positions with women at all levels of the hierarchy in Germany (%) 	<ul style="list-style-type: none"> Women in the organisation in % Women per management level in % (in Germany) Women on the Supervisory Board in % 	50.6% women in the organisation 20.6% women per management level (in Germany) 31.3% women on the Supervisory Board	50.7% women in the organisation 20.2% women per management level (in Germany) 31.3% women on the Supervisory Board
	Continually increase investments in renewable energy sources	Investment volume in EUR million	~EUR 1.5 billion	~EUR 1.3 billion
	<ul style="list-style-type: none"> Reduce employee turnover rate Health days 	<ul style="list-style-type: none"> Employee turnover rate in % Number of employee health days in Germany 	7.8% 8	8.5% 8
	Continually increase investments in social and innovative infrastructure	Investment volume in EUR million	~EUR 1 billion	~EUR 0.8 billion
	Continually reduce resource consumption and volume of waste	<ul style="list-style-type: none"> Paper consumption in metric tons (in Germany) Water consumption in m³ (in Germany) Residual waste in metric tons (in Germany) 	397.5 tons 157,160 m ³ 611.7 tons	703.0 tons 94,475 m ³ 610.6 tons
	Successfully achieve carbon neutrality worldwide	Employees working at a carbon-neutral Talanx Group location (not including Hannover Re) in %	46.8%	—



Compliance and Transparency

	PAGE
Management approach	35
Compliance	36
Human rights at Talanx	37
Anti-corruption and anti-money laundering	37
Data protection and cybersecurity	39
Digital transformation	41

How
we ensure
integrity



Our business partners
also have to live up
to the principles
and values that are
important to us.

■ **Kathrin Reichert**, Head of Group Compliance Hannover,
Talanx AG



The basis for successful, trusting collaboration: the Code of Conduct for Business Partners.

New Code of Conduct for Business Partners

In 2019, Talanx AG developed a Code of Conduct for Business Partners to ensure that principles and standards are complied with along the entire value chain.

We want to provide a compelling competitive experience based on the quality and value of our products and services, and through our successful, sustainable business. Our long-term business success also depends on how early we identify risks and opportunities and on our systematic compliance with the law, regulations, ethical principles and voluntary commitments. Not only do we set high standards for ourselves in the Talanx Group, but we also work to ensure that these

are observed across the entire value chain. We therefore expect not just all our employees, but also our business partners to share this understanding and act accordingly.

The Talanx Group's business partners make a substantial contribution to the Group's success. We consider a common understanding of ethical and sustainable conduct to be a key basis for cooperation. Our Code of Conduct for Business Partners covers topics such as anti-corruption and bribery matters, respect for human rights, environmental matters and data protection. We only sign contracts with potential business partners who accept and agree to be bound by our standards and principles.

INTERDISCIPLINARY DEVELOPMENT

■ A number of units such as Compliance, Communications, Human Resources, Procurement, Data Protection, Security and Legal Affairs collaborated on developing the Code of Conduct for Business Partners in order to cover all the different facets of potential business relationships. This ensured that we actually developed the principles and values it contains from within the organisation and that these therefore reflect our corporate culture.



Compliance and Transparency

Compliance and integrity guide us in our daily decisions, protect us from misconduct and preserve our reputation.

Management approach

GRI 102-16 Our business success depends not only on the quality of our products and services, but also on our employees acting in a legally correct and responsible manner in their dealings with each other and with our business partners, shareholders 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 constantly keeping abreast of the changing legal framework, Talanx issues a declaration of conformity with the German Corporate Governance Code every year, see the section entitled "Corporate governance" ([page 10](#)). An annual declaration on the corporate governance rules set out in the "Best Practice of GPW Listed Companies" code (Poland) is also issued. Equally, Talanx AG's internal Corporate Governance Principles are regularly revised.

In 2019, more than 4,000 staff members helped develop the Talanx Purpose: "Together we take care of the unexpected and foster entrepreneurship". This combines three key ideas: First, "Together" symbolises the reciprocal nature of the mutual insurance company that was the origin of the Talanx Group in 1903. It stands for our closeness to our customers and partners. And not least also for the cooperation between brands and divisions within the Group, and for how we work

together as colleagues. In other words, this word refers to both parts of the motto. Second, "we take care of the unexpected" stands for the recognition that we do not see the unknown as a threat, but rather as a promise to our customers to be there when they really need us. And third, "foster entrepreneurship" aims to strengthen an entrepreneurial approach to business, both at our clients and partners and within the Talanx Group. No only do we act this way ourselves; our work also helps other businesspeople. This harks back all the way to when the Group was founded in 1903 – by customers, in order to think like them. We can achieve more together than we can alone.

An annual award is used to honour activities, projects and line department activities that serve as role models for our corporate culture. The Talanx Values Award was conferred in the years between 2016 and 2018. As from 2019, it focused more on agile digital transformation. It was renamed the Agile Award and from 2020 onwards it will be known as the Talanx Transformation Award. In 2019, first place in the Agile Award went to HDI Seguros S.A. in Brazil. The Brazilian company's "Go Digital" project successfully used agile methods to redesign and digitalise key processes and operating workflows. The entire company went through a real digital transformation, inspiring companies in other countries to do the same.

How far these corporate values have helped take the Group can be seen from the [HDI Museum \(only German website\)](#) at HDI-Platz 1 in Hannover. The 140 square metre space uses a mix of exhibits, eye witness reports and installations to document the history of the insurance group, which stretches back more than 110 years.

The key principles and rules for all Talanx Group employees are set out in the [Code of Conduct](#); see “Compliance” in the next section and the section entitled “Sustainability of insurance products” ([page 49ff.](#)) for information on the [Code of Conduct for the Distribution of Insurance Products drawn up by the German Insurance Association \(GDV\)](#).

Compliance

GRI 103-1 Materiality: For the Talanx Group, it goes without saying that complying with the law is a prerequisite for sustained business success. This means that compliance is an integral part of all Group activities. In addition to the areas of its compliance programme that the Talanx Group has defined as core/coordination topics, it also helps ensure that environmental and social laws and regulations are observed.

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

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

GRI 103-2 | 407-1 | 408-1 | 409-1 | 412-2 Measures and guidelines: The Group-wide Code of Conduct is an effective tool for making our commitment to complying with existing laws transparent. It sets out key principles and rules applicable to employees at all levels of the Talanx Group. The Code serves to explain to employees the fundamental legal and ethical requirements which they have to abide by during their work for the various Group companies, and to provide further details of their duties in these areas. In addition, it expressly highlights the ban on money laundering and illegal financing and draws attention to the fact that the competent anti-money laundering officer and/or the compliance officer must be informed of all suspected cases. The Code of Conduct applies throughout the Group and is available in a number of languages. Customers, employees and other interest groups can access it publicly on our website. The Code is supplemented by a set of more concrete Compliance Guidelines and by other information and explanatory documents, which are available on our intranet.

The Compliance Guidelines provide detailed content guidance on the principles set out in the Code of Conduct, which have been discussed and adopted as binding by the Group’s companies in Germany and abroad.

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

A training plan tailored to the needs of different groups offers employees regular opportunities to refresh and expand their knowledge of and expertise in selected compliance topics. New employees are regularly familiarised with the compliance framework during induction events. In addition, regular classroom-based courses and web-based training (WBT) are provided on relevant compliance topics. Anti-corruption training ensures that gifts are dealt with correctly. Above and beyond this, the Chief Compliance Officer holds classroom training sessions for executives and selected specialists several times a year in order to promote the Group’s compliance culture. This dialogue helps Group Compliance identify any needs in good time and to develop customised training and consulting offerings to address them. A number of measures are used to reinforce cooperation within the network of local compliance officers. In addition to holding an international compliance managers’ meeting, we have established a regular virtual compliance meeting format known as ComplianceXchange, in which Group Compliance and local compliance officers develop and share best practice solutions together.

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

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

GRI 103-2 | 103-3 Results and monitoring: Adherence to compliance requirements is monitored by Group Compliance, and by Group Auditing during regular internal audits. 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.

GRI 206-1 | 419-1 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 2019. Likewise, there are no known significant cases of anti-competitive behaviour, or of antitrust or monopoly practices. For information on cases in connection with products, see the section entitled “Easy-to-understand information about insurance solutions”, ([page 51ff.](#)).

GRI 307-1 Talanx is not aware of any fines or sanctions levied for non-compliance with environmental protection laws or regulations.

GRI 419-1 There were no known grievances about impacts on society in the Retail Germany Division or the Industrial Lines Division in Germany in 2019. The same also applies to the foreign companies (Retail International Division) covered by this report.

Human rights at Talanx

GRI 412-1 As an international insurance group, Talanx hereby discloses, in accordance with section 54(5) of the UK Modern Slavery Act 2015, the steps taken by the Group during the financial year ending on 31 December 2019 to prevent forms of modern slavery and human trafficking: We are aware of the obligations towards our employees and business partners that result from our size and market position as an international group with around 23,000 employees worldwide. In line with this, Talanx has as its aim, and is committed to, respecting human rights worldwide in keeping with the applicable laws, conventions and regulations in this area; in addition, we actively support employee rights. To underscore this commitment and make the importance of compliance transparent for our employees and business partners, Talanx has adopted a range of internal rules and regulations designed to ensure and review its compliance with human rights. Chief among these is the Code of Conduct for Business Partners. A number of works agreements on human resources topics also exist. The sections on the Code of Conduct and the whistle-blowing system are particularly relevant in this context (see the “Compliance” section on [page 36ff.](#) in both cases). In addition, we are developing and implementing other initiatives (see the section entitled “Supplier management” on [page 83f.](#)).

Anti-corruption and anti-money laundering

Anti-corruption

GRI 103-2 Measures and guidelines: Preventing corruption is an essential part of compliance management at Talanx. The Code of Conduct contains concrete rules covering this area. Bribery and corruption will not be tolerated. Moreover, general and specific work instructions exist to provide employees with specific rules of conduct on, among other things, avoiding and disclosing conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; stakes in other companies and participations in transactions.

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

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

Both the Talanx Group’s Code of Conduct and its Compliance Guidelines highlight the need to avoid conflicts of interest. Unavoidable conflicts of interest must be disclosed to the employee’s line manager or the relevant compliance officer. In addition, the whistle-blowing system allows conflicts of interest to be reported anonymously. Undisclosed conflicts of interest may constitute breaches of the Code of Conduct, the Compliance Guidelines or other specific rules, and may therefore represent violations of employees’ duties under their contracts of employment or service; they may also have civil and labour law consequences for the employees concerned. Potential conflicts of interest are also identified by requesting and analysing the lists of gifts.

GRI 415-1 In addition, Talanx’s Code of Conduct and Compliance Guidelines contain rules on dealing with donations and sponsorships within the Group. For example, any donations to political parties may only be made within the statutory limits and must be approved by Talanx AG’s Board of Management. Moreover, some divisions have drawn up more detailed guidance on donations and sponsorships.

GRI 205-1 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

ITALY | FRANCE | POLAND

Digitalisation of processes and products

■ Digital transformation is radically changing how we work. This is why the Talanx Group has made this issue a core topic and why it is digitalising a very wide range of processes around the world.

In 2019, HDI Italy took a first step in this direction by digitalising the digital signature process: digital signatures are in strong demand for products that are sold in large volumes. The goal is to reduce the number of printed policies and to offer more sustainable insurance products digitally. HDI France also continued the digitalisation of its administrative and business processes in 2019. For example, travel expenses and claims for losses are now processed digitally.

In addition, our Polish subsidiary WARTA is using artificial intelligence to digitally assess vehicle damage. This allows the insurer to adjust claims within a short space of time, without generating piles of paper or having to visit customers.



warta. HDI

topic of anti-corruption. Implementation of the anti-corruption measures specified for the Group is continuously monitored. Relevant examples of corruption risk include allegations of bribery and corruption and of the acceptance and granting of benefits in connection with invitations and gifts, purchasing and tendering, donations and sponsorships, and sales partners. In addition, corruption risk is regularly audited in the Group as part of the internal audit plan.

GRI 205-2 The Talanx Group provides information and training on anti-corruption policies and procedures in a variety of formats. The annual compliance report informs the Board of Management and the Supervisory Board about significant compliance risks and the measures taken to ensure that requirements are met. This also includes the topic of anti-corruption.

A mandatory web-based training (WBT) course on compliance and integrity, which covers the topic of corruption, is used to train all Group employees in Germany. The relevant staff groups were also trained in a number of classroom-based sessions. 2019 saw the first classroom-based integrity training sessions for managers, which are designed to raise awareness for value-driven leadership and the impact on staff of positive role models. Furthermore, our foreign subsidiaries inform their staff about what anti-corruption is and the approaches that can be taken, regardless of which category individual employees belong to or where they are located. In addition, in-depth

modules are provided via the various e-learning- platforms. These use practical examples to illustrate the topics and compulsory questions to reinforce the lessons learned. The anti-corruption training programme is supplemented by information materials that are available to all staff on Talanx's intranet.

GRI 205-3 The Talanx Group did not become aware of any confirmed material cases of corruption in the 2019 financial year.

Anti-money laundering and prevention of terrorist financing

The entry into force of the European Union's Fourth Anti-money Laundering Directive in 2015 led to a large number of additional measures being launched within the Group in order to ensure a coordinated approach to anti-money laundering and the prevention of terrorist financing. In addition, the ban on money laundering and illegal financing has been highlighted and attention drawn to the fact that the competent anti-money laundering officer and Compliance Officer must be informed of all suspected cases.

GR1 103-3 Results and monitoring: Adherence to anti-money laundering requirements and the prevention of terrorist financing are covered by the monitoring guidelines forming part of the general compliance requirements. In addition, the Group Anti-money Laundering Guidelines set out the measures and processes to be used in preventing money laundering. As a result, this topic is also reviewed by Group Compliance and as part of the regular internal audits performed by Group Auditing. Continuous content reviews of the applicable compliance rules and regulations are performed and revisions made where necessary (see also the section entitled "Compliance", [page 36ff.](#)).

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

Data protection and cybersecurity

GR1 103-1 Materiality: Information is an essential basis for our daily work. Customer data, and company and capital market information underpin all key decision-making and business processes. Insurers and their intragroup service providers collect, process and store large volumes of personal data. The basic principle applied is that Group employees may only collect, process and store personal data if this is required for a specifically defined purpose and in the lawful performance of their duties, or if there is another legal basis for this. We transfer personal data to external recipients (mainly service providers) in order to enhance the efficiency of the services provided. At the same time, external recipients must be seen as part of processing operations, e.g. in the case of brokers, appraisers, reinsurers, etc. External recipients are bound by contract and/or the law to comply with the data protection requirements.

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

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

GR1 103-2 Measures and guidelines: The Group's Code of Conduct requires all employees to comply with the provisions of data protection law and the Group Data Protection Guidelines, and to actively contribute to ensuring that personal data are reliably protected against unauthorised access.

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

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

Changes to interpretations of the EU's General Data Protection Regulation (GDPR) and of other statutory data protection requirements (e.g. as a result of court rulings and pronouncements by data protection authorities) are assessed and communicated by the company data protection officers. Individual interpretations or further details from the relevant authorities are still outstanding; these are being monitored and must be implemented following a brief analysis. In isolated cases, complex modifications are still in the process of being implemented. We have established a common data protection framework for those of our branches and subsidiaries that are domiciled in the EU or the European Economic Area (EEA). The branch or subsidiary concerned must also observe the national legal data requirements. In 2019, we launched a structured implementation status survey of our Group measures; the results will be reported to senior management at the beginning of 2020.

Information security plays an important role in the selection of, and collaboration with, external service providers. For example, we require service providers to comply with, and audit them to, the same standards as our internal IT services.

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

We have established a data protection management system within the Group (Primary Insurance and Reinsurance Group). The system that has been established is largely based on the requirements of the GDPR. However, it has a number of different, target group-specific focuses.

The data protection management system for the Primary Insurance Group is implemented at Talanx AG, whereas Hannover Rück SE is responsible for the data protection management system for the Reinsurance Group. Within the Primary Insurance Group, a distinction must be made between two ways of allocating responsibility, which are described in the following:

Group Data Protection is responsible for designing the data protection management system for companies belonging to HDI Deutschland AG. It issues data protection requirements, implements awareness-raising measures (training courses, etc.), monitors compliance and assists in operational design (consulting), as well as reporting to senior management.

HDI Global SE manages its data protection issues directly and allocates tasks and responsibilities centrally and locally. Local contacts have been assigned responsibility for ensuring compliance with data protection requirements. In some cases, the foreign locations have specialist departments such as legal or compliance functions that are actively involved in data protection management. In the case of very small foreign locations that exclusively perform operational tasks, data protection support by headquarters is currently being implemented.

HDI International AG's subsidiaries have implemented data protection management activities at a local level and monitor their adequacy and effectiveness using the established management tools. All subsidiaries must prove that they meet the data protection requirements applicable to their processes, IT systems and interfaces, and that they have implemented all necessary organisational measures.

In 2019, we launched a structured questionnaire-based survey at HDI Global SE's and HDI International AG's EU locations with the objective of capturing the implementation status for Group requirements. We aim to use the results to identify areas where enhancements are needed along with areas in which the Talanx Group should conceivably perform detailed checks or provide consulting.

The business model used at Hannover Re gives rise to different risks that need to be reflected in the data protection management system.

The principles documented in the Group Data Protection Guidelines apply to all companies and units within Hannover Re. The Compliance organisation's structures are used to implement these minimum data protection law standards. Responsibilities are established and documented at Group level. Interfaces to Data Protection Management have been implemented. The GDPR does not affect all Hannover Re companies equally, e.g. if they are domiciled outside the EU or the EEA. Above and beyond this, local data protection laws must be observed.

GRI 103-2 | 103-3 Results and monitoring: Close cooperation and consultation with important interfaces such as Group Legal, Group Compliance, Group Security and Group Auditing ensure that the data protection legislation requirements are met. Data protection risks are reported to Group Risk Management.

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

GRI 418-1 Group Data Protection at Talanx did not receive any notifications of reportable data breaches or incidents in the reporting period.

Digital transformation

GRI 103-1 Materiality: Digital transformation is a material topic for the Talanx Group. It is a key strategic focus and part of the new Group strategy that was adopted during the reporting period. This provides a framework for the divisions to develop their own digital transformation strategies. In keeping with our decentralised Group structure, it is the divisions that drive the digital transformation process.

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

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

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

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

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

GRI 103-2 Measures and guidelines: One operational focus of our digital transformation strategy is on upgrading our IT and systems environment to provide a basis for automation and for digitalising processes ("get ready"). The other two focus areas are content-related: data analytics and behavioural economics ("get skills"), and ecosystems/partnerships ("get bundled"). Since these focus areas are relevant for the entire Group, the holding company provides selective support for them as well, e.g. by facilitating international information sharing on, and scaling up of, best practices and by entering into scouting and market intelligence partnerships.

GRI 103-2 | 103-3 Results and monitoring: Among other things, we introduced Group-wide formats for sharing best practices on specific focus areas in the reporting period and launched venture days with relevant start-ups and operating units.



Investment and Insurance Products

	PAGE
Management approach	45
ESG in asset management	47
Sustainability of insurance products	49

We invest responsibly



As insurers, we think long-term. This is why we will be focusing more on sustainable investments going forward.

■ **Arzu Dağtekin**, Client Relationship Manager,
Ampega Asset Management GmbH



Sustainable investments:
Talanx joins PRI and invests around EUR 2.5 billion in infrastructure projects

Transparency for more sustainable investments

At the end of 2019, Talanx joined the Principles for Responsible Investment (PRI) initiative, which aims to promote sustainable investment practice. By doing so, the Company has committed itself to expanding its sustainable investments and to the six Principles for Responsible Investment (see the box). This international framework is supported by the United Nations and had roughly 2,300 signatories at the end of 2019.

Talanx has joined the PRI as part of its enhanced sustainability strategy. In the latter, the Group has undertaken to ensure that all new investments are fully ESG-compliant, and to double its investments in sustainable infrastructure and renewable energy sources.

Making sustainability an integral part of its investment decisions is critical to ensuring the stability and performance of Talanx's investments. Joining the PRI initiative allows the Group to make its role as an asset owner and investor more transparent. Going forward, Talanx will report on the progress it has made in implementing the Principles for Responsible Investment. For more information on the PRI, see www.unpri.org

SIX PRINCIPLES FOR RESPONSIBLE INVESTMENT

- We will incorporate ESG (ecological, social and governance) issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

Signatory of:



Investment and Insurance Products

As insurers, we have always thought long-term. We are conscious of our responsibility and have defined clear sustainability focuses.

Management approach

GRI 203-2

Indirect economic impacts

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

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

Above and beyond this, our hazard and risk analyses aim to identify existential risk scenarios in all lines 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 47ff.](#)) and its insurance products ([page 49ff.](#)).

On 27 November 2019, the European Parliament and the Council passed Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector. This requires financial market participants to disclose information on sustainable investments and sustainability risks relating to financial products. Among other things, it requires the publication of information at the level of the entity on the consideration of sustainability factors in investment processes and in corporate strategy, and at the product level on

sustainability impacts, e.g. in relation to the expected return. The Regulation comes into force on 10 March 2021. Talanx is currently working to implement its requirements.

GRI 102-11

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 73ff.). The remaining sections in this chapter address how ecological topics are incorporated into our core business.
- “Risk management” covers the identification, assessment, analysis, management and control of risks (page 46).
- The “Responsibility to customers” section primarily addresses customer information (page 50ff.).
- In addition, the Group-wide Code of Conduct (page 84f.) applies.
- Also, the Talanx Group and the companies belonging to it are networked through their memberships of associations (page 90f.).

Furthermore, a number of units within the Group are involved in stakeholder communication, see the following section on risk management and the materiality analysis (page 22ff.).

GRI 102-29

Risk management

We see opportunity/risk management as one of our major strengths. Monitoring and managing our risk position is part of the Talanx 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 set out in our business strategy.

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

that is specifically tailored to Talanx and that is used as the basis for risk identification. In addition to this software-based risk identification procedure, the regular Risk Committee meetings are used to share information and opinions on the current risk situation. Furthermore, Talanx AG's Board of Management receives monthly updates on key risk indicators.

Detailed information on risk management, and in particular on the roles played by key figures in the risk management process, can be taken from the risk report in the Group Annual Report 2019, and especially from the following sections:

- “Risk strategy”
- “Risk management system”
- “Risk management process and communication”
- “Risk profile”

In addition, further information can be found in the [Solvency and Financial Condition Report \(SFCR\)](#) for 2019.

GRI 102-29

Risks and opportunities due to climate change

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

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

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

Our divisions also analyse such new risk types and trends. In doing so, they identify potential impacts and opportunities and develop products that are tailored to the relevant markets and customers, see also the section entitled “Sustainability of insurance products” (page 49ff). This also involves ongoing interdisciplinary collaboration between the different divisions. Consequently, we not only address how sustainability risks impact our enterprise but also analyse our impact on society and the environment. Among other things, this takes into consideration the recent pronouncements by the Federal Financial Supervisory Authority (BaFin) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The latter are a particular focus for Talanx given that it also signed up to the Principles for Responsible Investment (PRI) during the reporting period.

ESG in asset management

GR1 103-1 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 122.6 (111.9) billion at the end of financial year 2019, while its total investments amounted to EUR 134.1 (122.8) billion. A large proportion of the Talanx Group's investments are in fixed-income securities, especially government bonds and corporate bonds. Investors, analysts and customers are becoming increasingly interested in how Talanx takes social and ecological aspects into account in its investments. The materiality analysis performed in 2018 revealed that ESG aspects are a material factor in the Talanx Group's investment decisions. They are highly relevant for both stakeholders and the business, and significant ecological, economic and social impacts can be identified (see the section entitled “Materiality analysis” on page 22ff).

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

Impacts: When making investments, the Group aims on the one hand to minimise potential negative impacts, for example by not investing in certain countries or business areas. On the other hand, it aims to promote positive impacts overall. To do this, we developed an ESG screening procedure in 2016, see the section entitled “Screening of investments for ecological and social criteria” (page 48).

GR1 103-2 Measures and guidelines: The alternative investments asset class is becoming increasingly important in the current persistently low interest rate environment, as it helps improve returns and diversify the portfolio. Alongside real estate and private equity, Talanx's main focus here is on investments in infrastructure projects, see the section entitled “Infrastructure investments” (page 49).

The divisions are also active in this area. For example, Industrial Lines is currently investing in renewable energy sources such as wind power and hydropower, both in Germany and in the rest of Europe. It has also started building exposure to equities in the area of impact

investing. In addition, Retail Germany has another infrastructure investment component in the form of a solar power fund.

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

Ampega Investment, Talanx's asset management company, offers retail funds for which sustainability is also an important investment criterion. These have integrated a combination of negative screening criteria and best-in-class approaches with their bond and equity fund investment processes. Institutional clients can be offered individual sustainability requirements (e.g. specific negative screening criteria). The criteria are based on Sustainalytics data. Sustainable focus products on offer include the Ampega Responsibility Fund and the terrAssisi Renten I AMI and terrAssisi Aktien I AMI investment funds. These funds invest in target funds or enterprises and issuers that include environmental and social as well as economic criteria in their long-term corporate strategies, and that are considered to be pioneers in assuming responsibility for the future. Independent research agencies such as ISS-ESG 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, Ampega Asset Management GmbH and Ampega Real Estate GmbH. Ampega Investment GmbH is an asset manager serving retail and institutional investors. Its product range comprises multi-award-winning retail investment funds as well as special funds. The company also manages asset portfolios and financial portfolios for non-Group clients. It offers a broad range of funds for state-of-the-art investments and dynamic retirement provision. Ampega Asset Management GmbH is responsible for the Talanx Group's investments in the money, capital and real estate markets and is therefore a key point of contact for sustainable investments within the Group. Its team of infrastructure investment specialists is particularly worth mentioning. Ampega Real Estate GmbH manages the Talanx Group's real estate investments.

GR1 103-2 | 103-3 Results and monitoring: The Responsible Investment Committee (RIC) provides support for putting our sustainability investment strategy into practice. One goal that was established when implementing this strategy was to screen investments using an external service provider that specialises in sustainable investing. The RIC discusses and resolves the filter criteria used in ESG screening. This also includes regular updates to the catalogue of criteria. The decisions made by the committee serve as input for the Group-wide Sustainable Investment Guidelines.

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

In addition, external evaluations provide relevant feedback for assessing specific financial products. We also obtain stakeholder feedback on material topics, and on the measures we are taking and the progress being made, in the course of our regular stakeholder dialogue, see also the "Materiality analysis" section ([page 22ff.](#)).

Inclusion of ecological and social criteria in investment selection

GR1 201-2 | 203-2 | 412-3 | F511 When making investment decisions, the Talanx Group aims on the one hand to avoid potential negative impacts by not investing in unsustainable issuers. To do this, we developed a Group-wide ESG screening process in 2016 and implemented it at the beginning of financial year 2017. On the other hand, the Talanx Group also aims to promote the positive impacts on society and the environment overall (for further details, see the section entitled "Infrastructure investments" on [page 49](#)).

ESG screening is performed every six months by an external service provider. In the course of this 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. The RIC 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.

The RIC has specified compliance with the UN Global Compact as filter criteria to be used. In addition to these ten universal principles, which relate to the areas of human rights, labour standards, the environment and anti-corruption, we exclude investments in controversial weapons such as anti-personnel mines. In 2018, we expanded our list of screening criteria to include coal. We no longer invest in companies that derive more than 25% of their revenue or generate more than 25% of their power from coal. Above and beyond this, we are limiting the duration of our investments to 2038. This is in line with the Talanx Group's sustainability strategy, which sets out the goal for the Group of exiting coal entirely by that year. We also extended our list of screening criteria in 2019 to include oil sands. The new screen excludes companies that generate more than 25% of revenues from this source. We also check before making new securities purchases whether the issuers meet the ESG criteria.

The RIC met twice in the past financial year. Since the screening process has already been established, it only produced a small number of hits in the current financial year. Where no obstacles to sale existed, the positions identified were liquidated 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 involving 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. 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.

One of the key ways in which we enhanced our strategy was to sign up in 2019 to the United Nations' Principles for Responsible Investment (PRI), which have provided us with a framework for sustainable investment.

Infrastructure investments

GR1 203-1 | 203-2 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, investments in (onshore and offshore) wind farms, solar farms (photovoltaic – PV – power plants), power grids, transport infrastructure and public-private partnership (PPP) projects in Germany and the rest of Europe.

Infrastructure projects address 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. In addition, they are less strongly correlated with conventional asset classes. The goal at all times is to make sound, sustainable investments in the interests of our policyholders. One of our core selection criteria for investments is a regulated environment, e.g. in the form of statutory feed-in fees, incentive-based regulation and PPP/concessions regimes). Most infrastructure investments are made within the eurozone.

The volumes planned for direct infrastructure investments are between EUR 30 million and EUR 150 million per project (equity) and between EUR 50 million and EUR 250 million (debt); the investment horizon is five to 30 years.

As of the end of 2019, Talanx had directly invested a total of approximately EUR 2.5 (previous year: 2.1) billion in infrastructure projects. Over EUR 1.5 billion of this figure is attributable to renewable energy sources. To increase our diversification within the renewables sector, Talanx used the first wrapped bond for solar farms in Europe to finance a PV portfolio in 2019, and acquired two of the largest PV projects in Spain (total output: 230 MW). The technological efficiency gains made in photovoltaics and their attractive location in one of Europe's sunniest places mean that these last two projects are completely independent of state subsidies. This underscores Talanx's pioneering role in the transition towards green energy, including in areas above and beyond subsidised projects.

Strengthening and extending public transport is another key element in meeting the climate targets set out in the Paris Agreement. Since 2019, Talanx has been a member of a consortium that also includes the European Investment Bank (EIB) and that is financing the new tram system in the growing city of Liège in Belgium in the period up to 2022. This investment supplements Talanx's existing commitments in the rail sector (e.g. in the high-speed rail link infrastructure in France and in regional rail transport in Germany). Strengthening public mobility in the area of rail transport is a key element of a sustainable future.

Over time, we aim to increase the sector diversification of our infrastructure portfolio. For 2020, we expect new equity and debt investments of approximately EUR 300 million to EUR 400 million to be made in infrastructure investments.

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.

Sustainability of insurance products

GR1 103-1 Materiality: The "sustainability of insurance products" topic area is material for the Talanx Group (see the section entitled ["Materiality analysis" on page 22ff.](#)) and can be broken down into two areas. On the one hand, it addresses customer concerns and has a significant influence on their satisfaction, which in turn is decisive for the Talanx Group's success. Issues include rapid, transparent claims processing, financial incentives for fair sales advice and easy-to-understand information about insurance solutions. On the other hand, the topic area also covers the inclusion of ESG topics in insurance solutions. In this case insurance products are reviewed for their ecological and social impact and their relevance to sustainable development.

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

Impacts: Customer satisfaction is a critical success factor for the Talanx Group. Consequently, meeting customer needs is paramount; this is also reflected in the Talanx Values with their reference to "comprehensive customer orientation". Transparency and fairness, along with innovative, customer-oriented products and services, are key elements. The use of highly-tailored services is one of the main ways of addressing customer requirements. One example of this is active, direct support via our service providers in order to assist with crisis communications in the case of cyberattacks. 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 employees' satisfaction and 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, impacts can be remedied or mitigated. The insurance business essentially has a positive social impact – it involves transferring risk so that losses arising from loss events can be absorbed and financial protection can be provided for both entities and individuals.

Nevertheless, the potential indirect ecological and social impacts of the insurance business on sustainable development, such as any consequences that insured projects may have, must be borne in mind: the Talanx Group is withdrawing from insuring coal risks over time. By doing so, the Company is underscoring its commitment to transitioning to a lower-emissions economy and complying with the objectives of the Paris Agreement, which it supports. As an insurance partner for industrial enterprises, the Talanx Group will work with customers to find constructive ways to strengthen climate protection. In other words, Talanx's long-term goal is to incorporate sustainability aspects into its insurance products and services to a greater extent.

GRI 103-2 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 sections entitled "Responsibility to customers" on [page 50f.](#) and "ESG insurance solutions" on [page 54ff.](#)).

Responsibilities: Group-wide requirements governing the organisation of the insurance business and the design of insurance products include the Code of Conduct, which sets out the standards for responsible and ethical behaviour and the rules to be observed in relation to topics such as financial sanctions and embargoes, anti-money laundering and sales compliance. Comprehensive compliance training is held, with a particular focus on sales compliance and anti-corruption, see also the "compliance" management approach ([page 35ff.](#)). In addition, sector-specific initiatives such as the GDV's Code of Conduct for the Distribution of Insurance Products play a key role in the insurance business, see the "Responsibility to customers" section that follows.

The divisions are responsible for implementing guidelines, for strategy and for developing products and services, see also the section entitled "Divisions, products and brands" ([page 8f.](#)).

GRI 103-2 | 103-3 Results and monitoring: The insurance companies belonging to the Talanx Group use a variety of instruments to track customer satisfaction; see the section entitled "Responsibility to customers" (next section). We have ensured the quality of our working processes and results by implementing an ISO 9001-certified quality management system (QMS) at individual Group companies, e.g. in bancassurance and at HDI Life and HDI Property. This allows us to meet our customers' and partners' requirements and expectations for the long term. The 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 service at all times and secures the organisation's long-term competitiveness.

Responsibility to customers

GRI 102-43 | 102-44 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 and questions). Customer and intermediary satisfaction is also monitored using a number of annual surveys, e.g. the customer monitor, the YouGov tied agents' survey, the HEUTE UND MORGEN commercial insurance customer check, and the "KUBUS" studies ("Kundenorientiertes Benchmarking von Prozessen für die Unternehmens-Steuerung" – Customer-oriented Benchmarking of Corporate Management Processes) conducted by MSR.

In addition, a large number of companies perform their own customer satisfaction surveys for their own areas, which are channelled and supported by the internal Market Research unit. One particularly noteworthy example is the customer satisfaction survey that is performed at the end of the loss adjustment process at HDI's third-party liability, accident and property claims unit and its motor vehicle claims unit. In addition to the regular MSR satisfaction surveys, an e-mail poll of claims customers (policyholders and claimants) was successfully piloted. The goal is to extend the survey in future to all areas of the Retail Germany segment (including bancassurance) and to introduce uniform monitoring. Following the introduction of the "Agentur Plus" programme and its "Studio" software in the reporting period, we are now also able to perform customer satisfaction surveys in-house without commissioning external service providers. This functionality was piloted in the claims units, though in the future the plan is for all other HDI Germany departments and, with time, the bancassurance units as well to deploy it.

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. We also use the dialogue with our stakeholders during our sustainability management activities to gather feedback and identify the material challenges currently facing the Talanx Group.

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

Easy-to-understand information about insurance solutions

GR 417-1 The German Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) imposes extensive duties on the insurance industry to inform their customers, and Talanx naturally complies with these. Above and beyond this, providing easy-to-understand information about insurance solutions is a key part of the [German Insurance Association's Code of Conduct for the Distribution of Insurance Products](#). The revised Code aims to present a sector-wide standard for fair, needs-driven customer advice.

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

The third principle sets out that every recommendations must reflect customers' objectives, wishes and needs. HDI obliges its tied agents and banking partners to put ascertaining these needs during consultations at the heart of their brokerage activities. In addition, consultations have to be carefully documented using standardised report forms. This is monitored by Complaints Management. Confirmation from customers that they have received a record of the advice provided is an integral part of our application/contract documentation. The standardised digital sales processes provided by HDI and the automated advisory processes also include consultation documents that are made available to customers. Giving customers easy-to-understand information and focusing on their needs are also a component of independent reviews and audits. A sales compliance management system was developed and implemented for the sales forces at HDI Versicherung AG, HDI Lebensversicherung AG and our bancassurance companies to ensure that the Code is properly implemented. The bancassurance companies were audited for the first time in 2017, while HDI Versicherung AG and HDI Lebensversicherung AG were recertified by independent auditors in 2018.

In bancassurance's core biometric risk business, the sector (including the bancassurance companies in the Retail Germany Division) implemented the new statutory requirements introducing additional transparency requirements and enhanced consumer rights at the beginning of 2018. In line with this, consumers are informed that payment protection insurance is voluntary and is not a precondition for being granted a loan. Consumers have the right and the opportu-

nity to terminate the agreement at any time throughout its life. They receive a renewed cancellation policy notice for the payment protection insurance policy, plus the relevant product data sheets, at the earliest one week after the loan contract has been entered into. This notice draws customers' attention to the fact that they can withdraw from the payment protection insurance policy without this impacting the loan. Customers can exercise their right of withdrawal within 30 days of receiving the renewed cancellation policy notice. If the policy is cancelled, it is voided ab initio at no cost to the customer. Even after this, consumers can terminate the policy at any time, in which case the unused pro rata portion of their premium is refunded. Additionally, the GDV and the banking associations have developed voluntary undertakings designed to increase transparency even further. The bancassurance companies actively support these efforts. A large proportion of the banking partners for the Group's bancassurance companies (Hamburger Sparkasse AG, a number of smaller savings banks, SKP, Postbank – a branch of DB Privat- und Firmenkundenbank AG, and TARGOBANK AG) already disclose in their loan agreements not just the loan instalment payment but, for comparative purposes, the loan instalment payment that would be due if no payment protection insurance were payable. As a result, customers can directly see the monthly charge attributable to the payment protection insurance policy in addition to the amount explicitly disclosed in the agreement.

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

Above and beyond this, Talanx helps promote financial education through the HDI Foundation, among other things. This awards scholarships to students of insurance-related subjects, see also "Work and Employees" ([page 56](#)).

GR 417-2 | 417-3 | 419-1 Talanx is not aware of any cases in the reporting period in which regulations or codes of conduct relating to product information or labelling were not complied with. The same applies to the sale of prohibited or controversial products and to failure to comply with regulations or voluntary codes relating to advertising.

The Group companies' normal business activities may involve them in court and regulatory proceedings as well as arbitration cases. In the reporting period and at the reporting date there were no legal disputes, other than proceedings that are customary to the insurance and reinsurance business, with a material impact on the Group's net assets, financial position and results of operations. See also the "Litigation" section of the [Group Annual Report 2019](#), page 230.

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

At HDI Assicurazioni, the following case was relevant in 2019: In May 2016, the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato, AGCM) fined HDI Assicurazioni and other insurance companies EUR 850,000 for infringing the Italian Consumer Code. The background to the case was the question as to the competent court. The fine was paid in 2016, but the case was appealed to the Regional Administrative Court (T.A.R.) for the Latium region. The first hearing was set for 18 July 2018. On 11 September 2018, the T.A.R. filed its judgement on HDI’s appeal. On 10 December 2018, an appeal was filed with the Council of State asking it to overturn the decision of the T.A.R. and to hear our other points. No date has yet been set for the first hearing in this appeal.

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

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

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

ITALY

Sustainable financial products

■ Since 2012, HDI Italy has been a member of the Forum for Sustainable Finance (FFC), which has set itself the goal of achieving sustainable finance in Italy. At the end of 2018, HDI Assicurazioni launched “Easy PIR”, becoming the first company in the country to introduce a savings plan that invests in sustainable Italian companies and aims at medium- to long-term capital accumulation. The underlying fund, HDI PIR Sostenibile, can invest in both fixed-income products and equities. It targets companies that focus on innovative products and energy efficiency, and that have high standards of corporate and social responsibility.

HDI Italy expanded its approach to sustainability in 2019: it is now completely decarbonising its portfolio, i.e. it is shifting to investments in a carbon-free economy. In future, the company will only invest in renewable energy sources. To achieve this goal, it has launched additional fund products that focus on sustainability and innovation.



HDI

Rapid, transparent transaction 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. They define service times in the form of workflows for certain transactions, which are discussed annually with customers. The objective here is to safeguard and improve competitiveness.

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

The first effects of the programme can be seen among other places in HDI’s claims function: the claims app in the third-party liability, accident and property claims unit and the motor vehicle claims unit, and the FAST live calculation tool for motor vehicle claims allowed major steps towards optimising existing processes and application environments to be taken and built on. Both elements of the digital transformation process and opportunities for enhanced customer contact are being incorporated into the claims management process. Customer service quality was enhanced by further optimising existing processes from the active claims management perspective, such as providing needs-driven customer support in the case of cyberattacks. Another method of enhancing service quality is by anchoring a tailor-made service story among employees – the focus here is on ensuring that all claims staff take a positive approach to customers in every claim. Another way that the claims units are meeting this goal is by extending lean management in the direction of agile working, using methods including best practices, structured problem solving, and feedback and team sessions. Rapid, transparent claims processing is ensured by cross-departmental professional cooperation where sensible in the third-party liability, accident and property claims area, plus ongoing consolidation of the operational property and private liability insurance units and outside claims adjusters. What is more, all claims units achieve this objective of completing claims processing on first contact as flexibly and rapidly as possible and while ensuring easy accessibility. Renewed awards of seals of quality for regulating homeowners’ insurance claims reflect the positive feedback we have received from customers in this area.

Financial incentives for fair sales advice in the remuneration system

Talanx’s group-wide [Code of Conduct](#) sets standards for responsible and ethical behaviour at all levels of the Group, see also the section of that document entitled “Conduct in competition”. This means that sales compliance is also covered by the Code, as well as being the subject of extensive compliance training.

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

Talanx implemented the requirements of the Insurance Distribution Directive (IDD) and the associated delegated acts on time. As regards potentially inappropriate incentives, successive changes were already made to the remuneration rules, organisational processes and controls in previous years (and especially when implementing the GDV Code of Conduct), so as to avoid such incentives in the case of intermediaries. Existing remuneration rules and competitive tenders were reviewed on an ongoing basis and adapted – where this was considered necessary – to ensure they meet the statutory requirements. The independence of insurance intermediaries is guaranteed. Clear rules apply to any additional remuneration that is granted and sample agreements are used.

The GDV Code of Conduct and the GDV’s interpretation of its principles also offer a framework for dealing with conflicts of interests; in addition, their implementation in the Retail Germany Division is leading the latter to draw up its own guidelines. The Code’s application by the insurance companies has been regularly monitored by HDI Germany’s Compliance Management Steering Committee ever since its successful initial certification for the HDI companies. The requirements of the IDD, including the related delegated acts and the various transpositions of the IDD into national law, were implemented in full in 2018. The IDD requirements at the bancassurance companies also build on the measures already taken to implement the GDV Code of Conduct and were implemented in line with the statutory requirements. Consequently, the measures contained in the GDV Code of Conduct have been incorporated into standard operating practice at all companies that have signed up to the Code.

ESG in insurance solutions

GRI F57 | F58 A large number of products from the Talanx Group's insurance companies support environmentally friendly products and technologies, or take social interests into account. For example, the services provided help ensure that environmental risks are suitably insured and that the impact of any damage can be remedied or mitigated.

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

HDI Lebensversicherung AG offers a quality-assured range of funds as part of its unit-linked annuity insurance. This selection also includes eight sustainably managed funds, including terrAssisi Aktien I AMI. This fund, which was launched by Group-owned fund management company Ampega Asset Management in cooperation with the Franciscans, invests solely in line with strict ethical criteria. In addition, HDI has created proprietary portfolios such as the "Investment-Stabilitäts-Paket Zukunft" and the "Managed Fund Konzept Zukunft" for customers. Both portfolios invest exclusively in companies and bonds whose sustainability is reassessed at regular intervals. See also the section entitled "ESG in asset management" ([page 47ff.](#)).

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 energy, 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 renewable energy cover.

Engineering insurance offers a wide range of insurance solutions that promote renewable energy projects, from onshore and offshore wind power projects through photovoltaics down to geothermal energy. The Industrial Lines Division can also provide cover for prototype development, such as in the case of 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 carbon emissions and for the transition to a green energy policy in Germany.

In the field of wind power, we offer cover for the construction and operation of onshore and offshore projects. Cover has already been provided for offshore wind farms in Europe, while in the rest of the world the focus on these risks is increasing. 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. In the photovoltaics area, 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 their operation as smooth as possible. Together with the GDV and other insurance companies and partners, HDI Global SE developed the "Offshore Code of Practice" (OCOP) – a set of international guidelines for offshore wind farm risk management.

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 that were developed by the Talanx Group to deliver a specific environmental or social benefit.

The Talanx Group's Code of Conduct ([page 84f.](#)) covers compliance with human rights at industrial policyholders. Legally correct, responsible behaviour is critical for our business success. This also applies to our relationships with business partners, customers and the general public.

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.

GRI FS13 One of the ways in which the Talanx Group offers access to the insurance market for all sections of the population, especially in sparsely populated and economically disadvantaged areas, is by ensuring comprehensive insurance provision via its different sales channels. In the case of the Retail Germany Division and the bancassurance companies, the insurance companies also deploy remote advisory services and online sales. The apps that customers can use to encrypt documents to be sent to the bancassurance companies, which were introduced a number of years ago, were upgraded and distributed more broadly. This permits both more efficient handling of customer concerns and more rapid processing. In addition, individual bancassurance companies offer their customers a digital signature option that enables less resource-intensive and significantly shorter contract processing.

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. In addition, the Hannover Re Group offers microinsurance and agricultural insurance designed to mitigate against the financial impact of climate-related crop damage.

Apart from ensuring uniform coverage of the areas in which the Group companies covered by this report offer their services, the com-

panies 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.

USA | FRANCE

Staff CSR activities

■ Talanx is aware of its social responsibility, and the same also goes for our employees. It goes without saying for our Company that staff around the world should engage in CSR activities. In the USA, for example, HDI USA's Community Service Committee aims to identify charitable organisations to give back to those in need.

In one example, staff in Chicago support the local community by volunteering their time at, or making donations to, organisations assisting cancer patients or the homeless, among other causes. In this way, they give back to the community above and beyond our actual business.

In France, too, our staff support charitable organisations. French Branch employees are encouraged to participate to social events as "Action contre la faim" (NGO fighting against hunger in the world) and "Les Foulées de l'assurance" (for the prevention and control of cardiovascular diseases).



HDI

3



Work and Employees

	PAGE
Management approach	59
Employee recruitment and development	61
Talanx as an employer	64
Occupational health and safety	70
Our employees in figures	72

How
we work



The SandBox allows staff to shape the process of cultural transition themselves by putting their own projects and ideas to the test.

■ Sascha Müller, Lean & Agile Coach, HDI Systeme AG



Four dual-track degree students organised a failure talk in the SandBox

Talanx encourages creativity

In 2019, Talanx established a creative environment at its headquarters in Hannover where employees could meet and engage with each other outside work and experiment with new technologies. The SandBox provides a space for everyone to shed normal constraints and develop creative, innovative ideas. Among other things, it offers a 3D printer and high-tech computers that can be used for video processing, for example.

The SandBox was developed by dual-track degree students at HDI. They were given free rein in planning and preparing the space. “We

made every decision on our own. Taking full responsibility for such a project was a learning and growth experience for us all”, said Stefanie Stele, a dual-track degree student at HDI Service AG. She was accompanied by Sascha Müller, Lean & Agil Coach, HDI Systeme AG, who supported her in her agile approach. “It’s fantastic that Talanx has provided us with a platform where we can try out the latest technology”, said Rea Schmidt-Lamontain, a team assistant at HDI International.

The SandBox has been a real hit ever since it opened, and the dual-track degree students implemented a second one in the second half of the year at our Cologne location.

NEW WAYS OF WORKING

■ The Talanx Group’s Agility Campus is a broad-based initiative that is designed to continue driving forward the use of agility both as a state of mind and as a way of working, and to anchor it for the long term throughout the Company. An agile organisation never stops learning and aims to be customer oriented, improve its service offering and ensure profitable growth. The Agility Campus offers employees and managers a variety of workshops run by trainers and experienced in-house specialists on developing a basic understanding of agility, acquiring the necessary methodological skills and sharing experiences with other areas of the Company.



Work and Employees

Talanx has roughly 23,000 staff in more than 150 countries.

We focus on diversity and encourage agile processes.

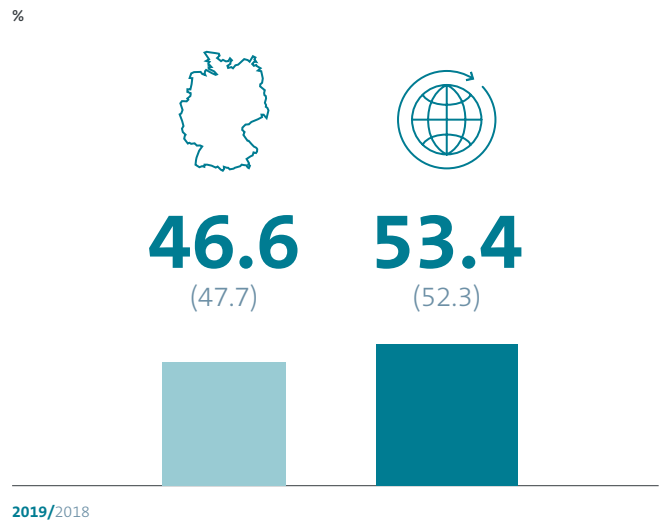
Management approach

The Talanx Group impacts society by giving work to its employees – as the third-largest insurance group in Germany with business links to more than 150 countries, it is a major employer and provider of education and training. We have a significant positive economic impact not only by employing people directly at locations throughout the world, but also by placing orders with (regional) suppliers and service providers. Additionally, our education and training activities extend above and beyond our core business; this applies especially to the work of the HDI Foundation and our support for student organisations, see [page 68](#).

Talanx employees

The Talanx Group employed 22,824 (22,193) people worldwide as at the 2019 year-end, 10,633 (10,587) of them in Germany and 12,191 (11,606) in other countries¹. A total of 11,267 (10,944) employees were male and 11,557 (11,249) were female.

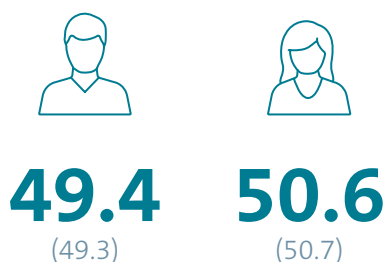
WORKFORCE IN GERMANY/REST OF WORLD



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

WORKFORCE BY GENDER

%



2019/2018

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

GRI 102-8 The regional breakdown of the Talanx Group's workforce is given in the following table.

WORKFORCE BY REGION AND GENDER¹

Region	Gender in % by region							
	Number		%		Male		Female	
	2019	2018	2019	2018	2019	2018	2019	2018
Germany	10,633	10,587	46.6	47.7	52.6	52.4	47.4	47.6
Central and Eastern Europe including Turkey	4,039	3,759	17.7	16.9	41.7	41.2	58.3	58.8
South and North America	4,588	4,436	20.1	20.0	49.5	49.1	50.5	50.9
Rest of Western Europe	2,554	2,432	11.2	11.0	51.1	52.3	48.9	47.7
Other regions	1,010	979	4.4	4.4	40.8	40.7	59.2	59.3
Total	22,824	22,193	100.0	100.0	49.4	49.3	50.6	50.7

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

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 the following table.

WORKFORCE BY EMPLOYMENT CONTRACT, TYPE OF EMPLOYMENT AND GENDER¹

Employees	Number		Male		Female	
	2019	2018	2019	2018	2019	2018
Total	22,824	22,193	11,267	10,944	11,557	11,249
Temporary	888	1,164	394	505	494	659
Permanent	21,936	21,029	10,873	10,438	11,063	1,059
of whom full-time	20,299	19,744	10,989	10,666	9,310	9,078
of whom part-time	2,525	2,449	278	278	2,247	2,171

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

The table entitled “Workforce by employment contract, type of employment and gender” shows that 96.1% (94.8%) of Talanx Group employees have permanent employment contracts. A total of 11.1% (11.0%) of all employees work part-time.

In the Retail Germany Division, insurance is sold via insurance brokers, bank sales partners and cooperative arrangements with other businesses, as well as by tied agents (employees) and by self-employed commercial agents working exclusively for HDI. All in all, 362 (369) commercial agents worked for HDI’s tied agent operations as at the 2019 year-end. In addition, the Talanx Group had a total of 386 (361) contract workers in Germany. This figure corresponds to less than 4% (4%) of the total number of staff employed in the country.

The following sections in this chapter contain detailed information on the Talanx Group’s workforce in Germany (not including the Hannover Re Group).

GRI 102-8 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.

GRI 102-41 A total of 92.1% (92.2%) of the Talanx Group’s employees in Germany not including the Hannover Re Group are covered by collective bargaining agreements, i.e. the companies are members of the Employers’ Federation or apply the national general collective agreement for the private insurance industry. Payment for the remaining employees is not covered by collective bargaining agreements. The large majority of these are people who perform special duties or have responsibility for areas for which the requirements are higher than those set out for the highest remuneration group under the collective bargaining agreement.

Employee recruitment and development

GRI 103-1 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 working population and changes in the world of work into account. The Talanx Group uses a variety of strategic approaches to ensure it always has adequate numbers of talented young staff. These include dual-track vocational training and degree courses, plus induction, graduate trainee and talent development programmes.

Topic Boundary and impacts: Human Resources is the main function within the Talanx Group responsible for employee issues, although these also impact 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.

GRI 103-2 Measures and guidelines: Our human resources work aims to ensure our Company’s sustainable, profitable growth. We 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.

GRI 201-3 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 2019 (see the section entitled “Provisions for pensions and other post-employment benefits” on page 203ff.). All these benefits are reflected in our moderate staff turnover rate and employees’ long periods of service with the Group, see also the section entitled “Recruiting and attracting talent” (page 62).

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

A broad range of internal training opportunities ensures our employees have the skills they need to perform their current and future tasks. We are increasingly deploying new learning formats here, which permit both digital learning and collaborative learning based on targeted networking within the Group. In addition, our financial support for in-service vocational training and degree programmes promotes employability in general.

Identifying and developing our next generation of managers and specialists is another focus of our human resources development work. Individual development and induction programmes are used to prepare and qualify potential candidates for their future work. As a result, management and specialist positions can largely be filled from within the Group’s own ranks, assuming candidates are equally qualified; see also the section entitled “Recruiting and attracting talent” (page 45f.). This human resources policy offers career-driven high performers especially attractive prospects. The development

programme for young professionals that we launched in 2018 aims to ensure that the best vocational trainees and dual-track degree students stay with the Group. In addition, we offer ongoing qualification measures designed to develop employees' professional and methodological expertise and strengthen their personal skills. We established our Agility Campus in 2018 to support our transformation into an agile organisation. This offering, which is aimed at both managers and employees, comprises a number of different modules, teaches participants about agile methods and helps create an agile mindset. Employee reviews, feedback instruments and personal stocktaking exercises can also be used to enable staff to reflect on their own behaviour and adapt to changed requirements.

The Talanx Corporate Academy is an established, successful core tool for strategy implementation and cultural development within the Group. The programme teaches strategy issues to top managers from all divisions. The focus in 2019 was on digitalisation and, in line with this, on the role of leadership in a time of digital transformation.

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

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

The Talanx Group 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 if we are to compete for the next generation of top talent and 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 member of HDI Service AG's Board of Management responsible for Human Resources has been assigned responsibility for Group-wide human resources activities; these include implementing and enhancing our human resources strategy, planning and managing the various 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-track vocational training and degree programmes, and induction, graduate trainee and talent development programmes. The department's responsibility generally covers the Group companies in Germany with the exception of the Hannover Re Group; in the case of some topics (e.g. international programmes such as the Management Development Programme or the Talanx Corporate Academy) it also extends to our foreign companies.

The Talanx Group's activities in the area of education and training also extend above and beyond its own employees, see the section entitled "Corporate citizenship", [page 69](#).

GR1 103-2 | 103-3 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 human resources risk and process assessments in accordance with the principles of the Institute of Internal Auditors (IIA).

Recruiting and attracting talent

GR1 401-1 The following tables document the numbers of staff joining and leaving the Company in the reporting period. The information is broken down by gender and age, and for Germany and abroad. This topic is also addressed in the section entitled "Diversity and equal opportunity" ([page 65](#)).

NEW HIRES AND DEPARTURES BY GENDER AND AGE (GERMANY)

	New hires				Departures			
	Number		%		Number		%	
	2019	2018	2019	2018	2019	2018	2019	2018
Male	445	285	4.8	3.1	402	461	4.2	4.8
Female	326	195	3.5	2.1	336	354	3.5	3.7
Total	771	480	8.3	5.2	738	815	7.7	8.5
30 or younger	217	173	2.4	1.9	161	177	1.7	1.9
Over 30–50	478	275	5.2	3.0	304	347	3.2	3.6
Over 50	76	32	0.8	0.3	273	291	2.9	3.0
Total	771	480	8.3	5.2	738	815	7.7	8.5

¹ Figures for Germany (not including the Hannover Re Group) were calculated uniformly using the average headcount.

NEW HIRES AND DEPARTURES BY GENDER AND AGE (REST OF WORLD)¹

	New hires				Departures			
	Number		%		Number		%	
	2019	2018	2019	2018	2019	2018	2019	2018
Male	703	584	8.4	8.2	604	589	7.3	8.3
Female	765	707	9.2	9.9	647	702	7.8	9.9
Total	1,468	1,291	17.6	18.1	1,251	1,291	15	18.1
30 or younger	567	546	6.8	7.7	402	416	4.8	5.8
Over 30–50	824	695	9.9	9.8	727	707	8.7	9.9
Over 50	77	50	0.9	0.7	122	168	1.5	2.4
Total	1,468	1,291	17.6	18.1	1,251	1,291	15	18.1

¹ Figures for the foreign companies were calculated uniformly using the average headcount. 2019: The figures given for the numbers of staff joining and leaving the foreign companies do not include staff leaving HDI Sigorta A.Ş. (Turkey) and staff joining and leaving HDI Seguros S.A. (Chile).

Employee turnover for the Talanx Group amounted to 7.8% (8.5%), a decrease year-on-year. The main reasons for this apart from natural turnover were terminations by employees and severance agreements.

GRI 202-1 Standard entry-level salaries in Germany are based on the collective wage agreement for the insurance industry. For our employees, they are always above the statutory minimum wage. We use a Group-wide job assessment process for senior executive positions. Entry-level salaries for new hires are gender-neutral and are determined on the basis of the position involved and the employee's qualifications and professional experience.

GRI 202-2 Generally, 100% of senior executives in Germany and in Talanx's foreign subsidiaries are recruited locally. This group is defined as comprising the members of the relevant boards of management and the executives reporting directly to them. German managers are also seconded to perform certain management functions at locations abroad for limited periods as part of personal development measures. We are facilitating a growing number of exchanges of specialists and management personnel between our German and foreign units as part of the Group's internationalisation strategy. We also regularly assign colleagues from subsidiaries and

branches abroad to take part in key international projects within the Talanx Group, and these staff members then work temporarily in Germany as a result.

A total of 85 (101) management positions needed to be filled in Germany in the reporting period. Of these open positions, 73 (85.9%) were filled by internal candidates during the period; the relevant figure for the previous year was 77 (76.2%).

The average period of service for employees in the Talanx Group in Germany was 15.2 (15.4) years as at 31 December 2019.

Education and training

GRI 404-1 In Germany, a total of approximately 24,000 (23,000) 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 2019. 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 2.9 (2.5) days of CPD per person per year. Both managers and employees in non-managerial positions received an average of approximately 2.9 days' training.

GR1 404-2 Following table gives an overview of Talanx's skills management programmes and instruments in Germany.

SKILLS MANAGEMENT AT TALANX

Induction and development programmes

Management Development Programme (MDP) – international
Talanx Excellence Programme (TEP)
Divisional Development Programme (BEP)
Certified Project Manager Development Programme (EPP, Zert.)
Expert Development Programme (EPE)
First-time Manager Development Programme (EPF)
Talent Development Programme (PEP)
Career starter programme for former apprentices and dual-track degree course students (TOP 11)
Trainee programmes: IT trainee programme, underwriting trainee programme (Industrial Lines), risk management trainee programme

Human resources development instruments

Stocktaking exercise
Linguistic assessment using PRECIRE
Communications skills development using HDI GROW
Coaching for specialists and managers
Mentoring programme for women
Talanx Corporate Academy

A comprehensive range of personal development offerings and initiatives, such as the Agility Campus, methodology and behaviour seminars, and training in IT, languages, specialist subjects and insurance topics

See **GR1 404-1**

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 employee 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 are able to opt for partial retirement for a certain transitional phase. This means that the employer can reduce the number of hours they work.

GR1 404-3 Different companies have different tools and processes that managers use to hold regular feedback discussions with their staff, due to different works agreements. Naturally, our managers are also requested to regularly engage in dialogues 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 and has been used for senior (i.e. generally tier 1 and 2) executives throughout the Group since 2014.

Talanx as an employer

GR1 103-1 Materiality: Numerous examples can be given of developments that are changing the nature of work within the Group. These include a rising number of older members of the workforce, the younger generations (generations Y and Z), the need for greater mobility and an improved work-family balance, increasing globalisation and an associated rise in the proportion of women in work and of people in our society who come from migrant backgrounds.

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

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

Impacts: Employee diversity is part of our DNA. We cultivate a corporate culture of respect, appreciation and mutual acceptance. Talanx employs women and men from an extremely wide range of national, ethnic, religious and personal backgrounds and of different ages, as well as people with and without disabilities and with different sexual orientations. It is precisely this diversity that makes our heterogeneous Group successful. We therefore define diversity management as consciously promoting variety among the workforce and ensuring equal opportunities so that all employees can deploy their skills and talents as optimally as possible. At the same time, our actions can contribute to promoting acceptance and openness within society and hence make a positive contribution above and beyond a basic respect for human rights. The Talanx Group is keen to ensure a successful work-life balance and supports this by offering flexible working time models, opportunities for part-time work and a deferred compensation scheme. Mobile working schemes enable employees to manage their daily work more flexibly and hence, for example, to improve their work-family balance. More specifically, our additional benefits and concrete offerings designed to improve our employees' work-family balance support our staff, contributing both to their basic security and to their general satisfaction.

GRI 103-2 Measures and guidelines: The Group has already taken a number of measures to promote diversity, prevent discrimination and support our employees in their development regardless of their origins. In addition, a number of internal rules and regulations aim to ensure and monitor compliance with human rights. A number of works agreements on human resources topics also exist.

In its [“Diversity Commitment”](#), the Group Board of Management has undertaken to acknowledge, value and incorporate diversity 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 Diversity Charter is a binding foundation for our activities.

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 with them. 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 \(only German website\)](#), which enables EU citizens to receive vocational training at companies in Germany.

Diversity and equal opportunity

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 German Act on the Equal Participation of Men and Women in Management Positions in the Private and Public Sectors requires listed companies and companies that are covered by co-determination requirements to set targets for the proportion of women on their supervisory boards and boards of management/among their managing directors, as well as at the two tiers of management below this, and to report on whether these targets have been met.

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

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

In order to achieve this goal, it is important for our human resources development function to positively and systematically grow our female employees. One of the diversity management measures we

offer is a women’s mentoring programme that aims to help 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, promotes informal contacts among female specialists and managers at all levels of the corporate hierarchy. Talanx’s women’s network has independently set itself the goal of giving our Group’s female employees a platform for networking so that they can learn from and with each other. The women’s network is sponsored by Torsten Leue, the Chairman of Talanx AG’s Board of Management.

GRI 103-2| 103-3 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 as such is part of human resources controlling, see also the section entitled “Recruiting and attracting talent” ([page 62f.](#)).

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

GRI 405-2 For Talanx, diversity management also means reaching as many potential job applicants as possible. This is why salaries are paid exclusively on the basis of the job performed, taking employees’ qualifications and performance into account. Position grading at specialist and management level is also based exclusively on the tasks and responsibilities associated with the post. By contrast, gender does not play a role in our remuneration policy. Two people doing the same job and with the same or similar experience and skills will not be offered different salaries because they have different genders.

GRI 406-1 Talanx does not tolerate discrimination on the basis of race, colour, gender, age, ethnic origin, religion, sexual orientation, gender identity or 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.

GRI 405-1 The following table shows the breakdown of Talanx AG’s management bodies by the diversity categories of gender and age as at 31 December 2019. The proportions of women at the various different levels of the Group as a whole (including the Hannover Re Group) are given in the table entitled “Proportions of women in the Group”. The table entitled “Breakdown of employees by gender and age” shows the composition of the workforce. The average age of employees was 45.6 (45.5) years.

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

	Number	By gender			By age	
		Male %	Female %	30 or younger %	30–50 %	Over 50 %
2019						
Board of Management	6	100	—	—	16.7	83.3
Supervisory Board	16	68.8	31.3	—	—	100.0
2018						
Board of Management	6	100	—	—	16.7	83.3
Supervisory Board	16	68.8	31.3	—	12.5	87.5

PROPORTIONS OF WOMEN IN THE GROUP (NOT INCLUDING CASUAL WORKERS AND GRADUATE TRAINEES)¹

	Germany				Rest of world				Total			
	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %
2019												
Total members of the Board of Management/managing directors²	56	4	60	6.7	69	11	80	13.8	128	14	142	9.9
Tier 1 managers	166	27	193	14.0	197	77	274	28.1	363	104	467	22.3
Tier 2 managers	414	95	509	18.7	491	240	731	32.8	905	335	1,240	27.0
Tier 3 managers	189	78	267	29.2	526	343	869	39.5	715	421	1,136	37.1
All managers	769	200	969	20.6	1,214	660	1,874	35.2	1,983	860	2,843	30.2
Active staff members not including managers	4,707	4,431	9,138	48.5	4,421	5,572	9,993	55.8	9,128	10,003	19,131	52.3
All active staff members, managers and employees in the passive phase of partial retirement³	5,597	5,036	10,633	47.4	5,670	6,521	12,191	53.5	11,267	11,557	22,824	50.6
2018												
Total members of the Board of Management/managing directors²	50	4	54	7.4	69	11	80	13.8	119	15	134	11.2
Tier 1 managers	162	27	189	14.3	197	74	271	27.3	359	101	460	22.0
Tier 2 managers	411	85	496	17.1	477	229	706	32.5	888	314	1,202	26.1
Tier 3 managers	221	89	310	28.7	556	341	897	38.0	777	430	1,207	35.6
All managers	794	201	995	20.2	1,230	644	1,874	34.4	2,024	845	2,869	29.5
Active staff members not including managers	4,638	4,412	9,050	48.8	4,126	5,223	9,349	55.9	8,764	9,635	18,399	52.4
All active staff members, managers and employees in the passive phase of partial retirement³	5,548	5,039	10,587	47.6	5,395	6,210	11,606	53.5	10,943	11,249	22,193	50.7

¹ Comprises the entire Talanx Group including the Hannover Re Group² Members of the Board of Management with multiple functions are only counted once.³ Inactive employment relationships

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE (GERMANY¹ AND REST OF WORLD²)

	Number	By gender		By age		
		Male %	Female %	30 or younger %	30–50 %	Over 50 %
2019						
Managers	969	79.7	20.3	0.2	54.7	45.1
Employees	9,138	51.5	48.5	10.0	51.8	38.2
Total	10,107	52.6	47.4	9.1	52.1	38.8
Total rest of world						
	8,331	46.5	53.5	18.6	66.2	15.2
2018						
Managers	839	80.6	19.4	0.6	55.9	43.5
Employees	8,335	50.5	49.5	10.2	52.6	37.2
Total	9,174	53.2	46.8	9.4	52.8	37.8
Total rest of world						
	7,255	45.9	54.1	19.9	66.0	14.1

¹ Comprises the active core workforce (incl. Hannover Re Group)

² The percentage distribution was calculated on the basis of data supplied by the foreign companies covered. Information from Belgium and the USA could not be taken into account for 2019, and from Belgium for 2018.

Work-family balance

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

ing enables employees to manage their daily work flexibly, in line with their individual requirements.

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 allowance has been granted to employees who resume working for a Talanx Group company in Germany (not including the Hannover Re Group) during or after the end

FRANCE

Family and work life

■ Balancing the demands of family and work life is an important topic for our staff. : Our companies and branches actively address this using country-specific models.

In 2019, for example, HDI France launched projects to improve the social benefits offered to employees and their families, and to introduce working from home. As a result, both employees and their families can take advantage of a wide-ranging package of social benefits. The home office project not only helps employees to achieve a better work-family balance, but also reduces carbon emissions by cutting the number of trips to and from work. The goal is to increase the number of days worked at home in the coming years. At present, roughly 50% of HDI France’s staff make use of this offering.

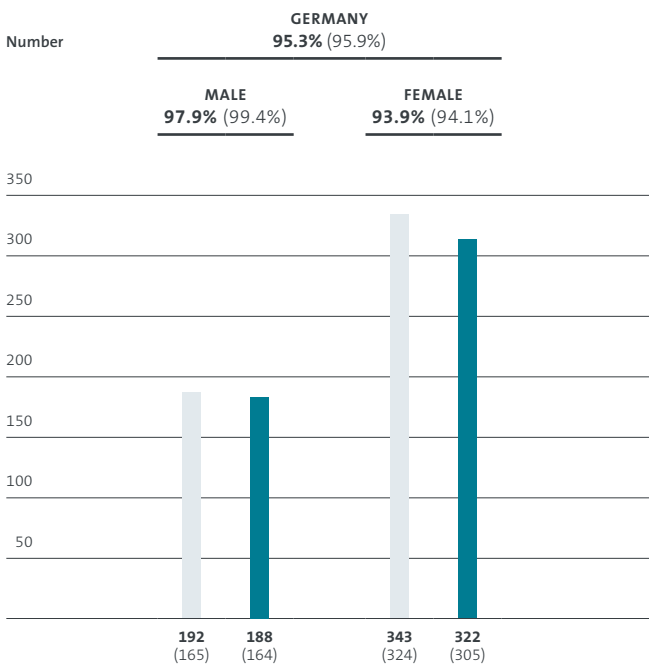


of their parental leave. Since we recognise that the ability to combine a career and a family is important for our employees, we not only offer extremely flexible part-time working options but also allow staff to work from home during their parental leave period. As part of our efforts to improve the work-family balance, a number of locations have set up parent-and-child offices. These offer emergency support to parents with short-term childcare problems (which can arise, for example, if their child minder is suddenly taken ill or lessons at school are cancelled at short notice). In this way, parents can look after children up to the age of 12 and work at the same time. In addition, the Talanx Group provides a specified number of nursery care places in Hannover.

Employees are also granted other company benefits such as special leave in certain circumstances, subsidised lunches and the subsidised use of public transport, see also the section entitled “Remuneration and benefits” on [page 69](#).

GRI 401-3 In Germany, a collective agreement specifies that additional parental leave of up to six months can be taken immediately after the statutory parental leave period in certain circumstances, in order to ensure continued 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.

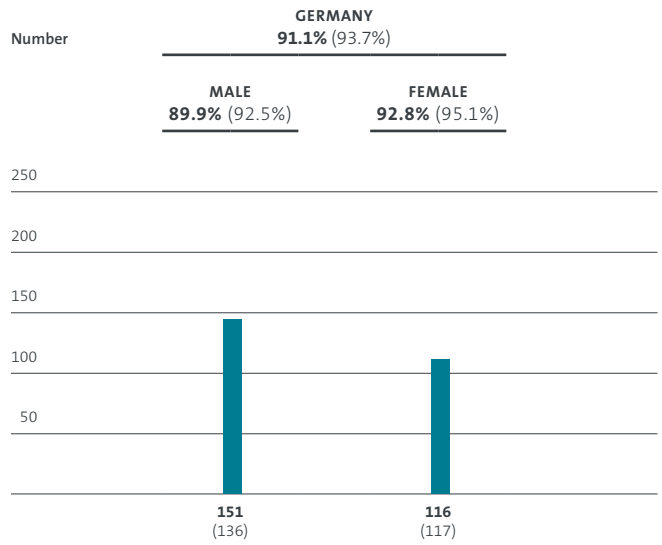
RETURN FROM PARENTAL LEAVE (GERMANY)



2019/2018

■ On parental leave in previous period.
 ■ Returned to work in the reporting period or planning to return in the following year.

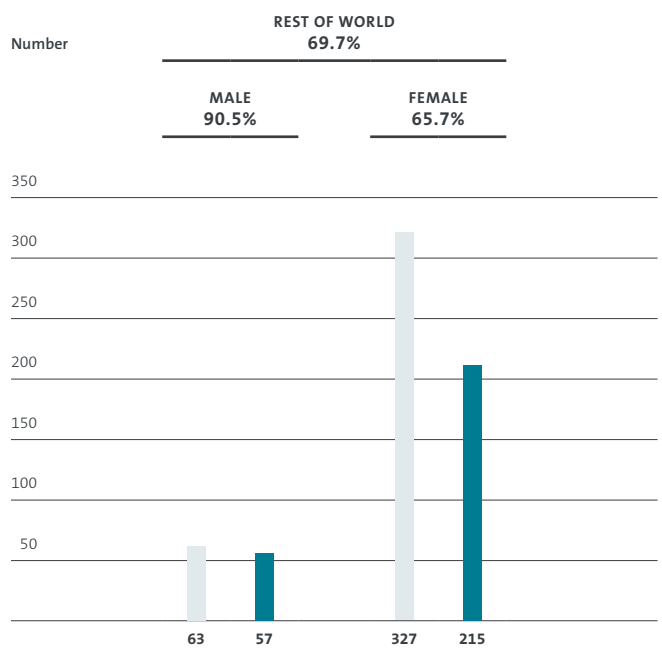
RETENTION RATES AFTER PARENTAL LEAVE (GERMANY)



2019/2018

■ Retention rates after parental leave

RETURN FROM PARENTAL LEAVE (REST OF WORLD)¹



2019

■ On parental leave in previous period.
 ■ Returned to work in the reporting period or planning to return in the following year.

¹ Only data for 2019 have been provided for the rest of the world, since the boundaries of the report are being expanded on an ongoing basis and data capture is continuously being optimised.

RETENTION RATES AFTER PARENTAL LEAVE (REST OF WORLD)¹



¹ Only data for 2019 have been provided for the rest of the world, since the boundaries of the report are being expanded on an ongoing basis and data capture is continuously being optimised.

Corporate citizenship

Talanx is aware of the social responsibility that comes from being a listed company with roughly 23,000 Group employees around the world. As a responsible corporate citizen, the Group works to advance social matters, and promotes charitable projects and local initiatives. In this way, we support society above and beyond our actual business activities.

Currently, the Talanx Group is primarily active in the area of education and training. The core measure here is the HDI Foundation’s award of up to 15 scholarships per semester 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.

The Talanx Group has been the main sponsor of Germany’s National Mathematics Competition since 1 January 2017, and will provide financial support for the competition until 2020. The National Mathematics Competition is aimed at school students of all classes who are interested in mathematics, both in German schools and 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.

Remuneration and benefits

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

GRI 401-2 A large number of voluntary company benefits are also available in principle to all employees. In Germany, these comprise:

- Capital accumulation benefit
- Health management
- Special leave for specific events
- Child care contribution
- Marriage and childbirth allowances
- Subsidised lunches
- Subsidised use of public transport
- Subsidised participation in external sports events
- Group accident insurance

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

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

Occupational health and safety

GRI 103-1 | 403-3 Materiality and impacts: Since Talanx is a company that offers services in the areas of insurance and finance, the risks of physical injury and accidents at work are relatively low. Equally, employees are not exposed to significant health hazards. This applies to the entire Talanx Group. As a result, the topic is not material according to the materiality analysis that we performed in the reporting period. At the same time, the safety and health of our employees while at work are naturally of the greatest importance to us. Our employees are our capital and make a key contribution to our Company's success, which is why their welfare is a major corporate goal. For this reason, we report voluntarily on this topic.

GRI 103-2 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.

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

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

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

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

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

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

By organising health days at multiple sites, Talanx does justice to both the strong demand, and the ongoing need, for health manage-

ment measures. Health is an important motivational aspect both for employees themselves and for their employer. Health days aim to sensitise employees for health issues and preventive measures, and hence to establish the topic as relevant for the enterprise. In particular, the events are designed to strengthen and promote individuals' health awareness. During the reporting period Health days took place in Düsseldorf, Essen, Hannover, Hamburg, Hilden, Cologne, Mainz and Stuttgart.

These measures are flanked by the sponsored employee sports programme, whose successful track record stretches back for years: Talanx uses it to strengthen team cohesion, facilitate employee contacts across different locations, and boost colleagues' identification with the Group. The goal is to boost not only employee motivation but also their health, and to help retain staff for the Company. In 2019, Talanx AG paid the starting fees for Group employees taking part in approximately 50 public sports and running events, providing them with matching functional shirts featuring the Talanx logo. The events sponsored took place throughout Germany and abroad, and ranged from major city marathons in Hamburg, Hannover and Cologne through obstacle races and cross-country runs down to smaller regional races. Other types of sport, such as triathlons and dragon boat races, also received support.

GRI 103-2 | 103-3 Results and monitoring: We work continuously to enhance our occupational health and safety activities. Employers are obliged to take the measures necessary to ensure occupational safety, taking into account the circumstances influencing employee health and safety at work. To do this, they must establish a suitable organisational structure – an occupational health and safety system (see section 3 of the German Labour Protection Act (ArbSchG)). Our occupational safety specialists and our works doctors support and encourage the responsible staff in our companies to play an active role in ensuring occupational safety. In line with the ArbSchG, the occupational safety specialists advise us, as the employers, so as to ensure that occupational health and safety is continuously enhanced and that occupational safety regulations are observed.

GRI 403-2 In the case of 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 (travel accidents). In Germany, accidents at work that result in more than three calendar days' work being lost must be reported to the relevant occupational health and safety agency or accident insurance fund by both the employer and the attending physician. There were 35 (24) accidents at work at the Talanx Group in Germany in 2019 (corresponding to an accident at work ratio of approximately 0.4% (0.4%)); in addition, there were 25 (37) accidents on the way to or from work (corresponding to a ratio of approximately 0.3% (0.4%)). Our occupational safety specialist assesses the accidents in order to identify any preventive measures that need to be taken.

Health@HDI: providing a balanced diet for employees

At the Talanx Group, occupational health management is a key motivational tool and serves to maintain employees' health and ability to work.

Nutrition – and hence the food we provide every day in our employee canteens and cafés – plays a big role in maintaining our employees' health and welfare. The challenge facing modern, forward-looking catering is to offer staff the right amount of healthy meals that are freshly prepared where possible. This naturally also has to take sustainability criteria into account, such as regional and seasonal procurement and ensuring animal welfare. The works kitchens at our Hannover and Cologne locations have received JOB&FIT certifications from the Deutsche Gesellschaft für Ernährung e.V. (DGE). In

2018, our employee restaurants in Hannover won awards for their sustainable approach. In Cologne, the canteen has also been certified to QCI organic standards for many years and 80% of its food comes from certified organic farms in the region. In Hannover, too, employees are provided with regionally sourced vegetables, fruit, dairy products and meat as part of a sustainable purchasing policy. Staff at our Hannover and Cologne locations can also purchase these products from the suppliers for the weekend every Thursday.

Above and beyond this, our nutrition scientists aim to reach out directly to staff in order to raise awareness of healthy eating. A new intranet platform, HEALTH@HDI, has also been set up to promote this. In addition, a menu that complies with the DGE's quality standard and that meets office workers' healthy nutrition requirements is offered every day and is flagged with a special colour.

BELGIUM

Health management

■ We believe that health and well-being in the workplace lead to greater general satisfaction at work and to better performance, as well as increased innovation and productivity. The reason is simple: feeling good at work lifts employee satisfaction and loyalty.

Our Belgian branch took a number of measures in 2019 to boost its employees' physical and mental well-being. For example, opportunities for flexible working, part-time working and working at home one day per week were introduced, and courses on stress management and positive thinking offered. Offices have been equipped with adjustable-height desks, permitting more flexible working. New room concepts have been introduced to facilitate information sharing and employee creativity, while supplementary nutritional measures aim to further enhance employees' health and well-being. A regular online survey is used to monitor the success of the actions taken.



HDI

Our employees in figures



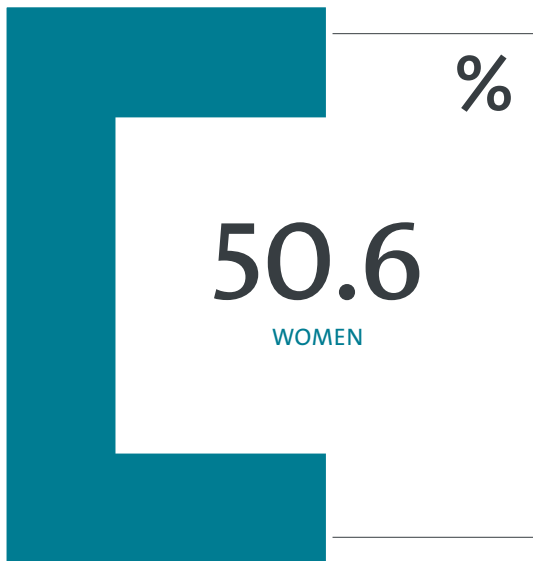
22,824
EMPLOYEES WORLDWIDE



46.6%
GERMANY



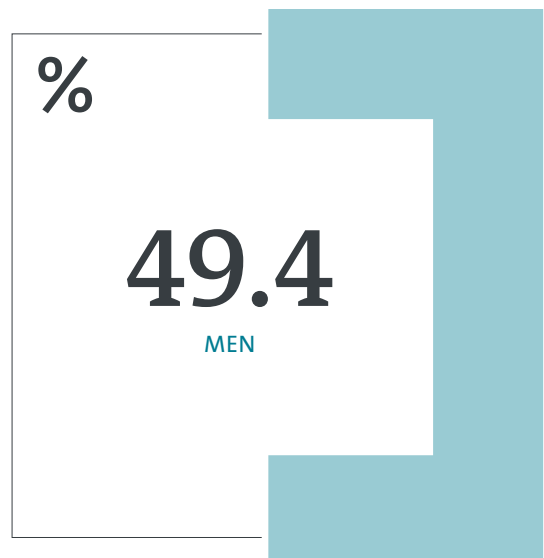
53.4%
REST OF WORLD



95.7%
have permanent
employment contracts

80.6%
work full-time

64%
of employees on parental
leave are women

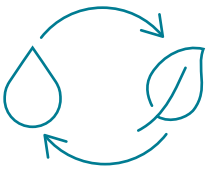


96.5%
have permanent
employment contracts

97.5%
work full-time

36%
of employees on parental
leave are men

4



Day-to-day Operations and Procurement

	PAGE
Management approach	76
Climate change	76
Environmental protection in the enterprise	77
Supplier management	83
Day-to-day operations in figures	86

We are
achieving
climate
neutrality



Forgoing comfort should
be a small price to
pay for environmental
protection.

■ Helene Leichtling, Head of Logistics, Hannover,
HDI Service AG Internal Services



Support for reforestation project in Brazil due to offsetting the Company's own carbon emissions.

Achieving climate neutrality

In 2019, the Talanx Group decided to achieve climate neutrality in its business. For this purpose, its first step was to offset carbon emissions from its own operations in Germany. The six-figure offset sum is now being used to support certified climate-friendly reforestation projects in Brazil and Uganda.

The goal of the new sustainability strategy is to enhance the sustainability of the Company's entire operations, investments and underwriting. As part of the revision of its sustainability strategy, Talanx calculated its carbon footprint and adopted the basic policy of

avoiding, reducing and offsetting carbon dioxide. Its goal is to achieve a clear reduction in its own carbon emissions in the medium to long term.

For example, in 2019 HDI Service AG set itself the goal of capping spikes in electricity usage and optimising the timer programmes used in the building management systems at the Group's headquarters in Hannover. Capping spikes helps to cut not only the volume of non-renewable energy needed during peak periods but also the Company's electricity costs. Optimising the timer programmes saved approximately 350,000 kWh of electricity, or roughly 190,000 kg of CO₂, in 2019.

SUSTAINABLE PROCUREMENT

■ Talanx will introduce a waste disposal policy at its Hannover and Cologne locations that will clearly reduce single-use plastic waste. The first step in achieving this will be e.g. to use up single-portion packs of ketchup and milk, after which they will be replaced in a second step by bulk containers. This means we will be able to save 240,000 single-portion packs of ketchup, mustard and mayonnaise, among other things. In addition, from 2020 onwards, waste-paper baskets lined with plastic rubbish bags at individual workstations will be replaced by central collection points in the corridors. The goal here is to save 750,000 plastic rubbish bags.



Day-to-day Operations and Procurement

We promote the sustainable organisation of our day-to-day operations and procurement, and aim to ensure continuous improvement.

Management approach

The Talanx Group's sustainability strategy also expressly addresses both our internal workflows and – taking an external perspective – our many and varied procurement processes as an international enterprise. Measures that are being taken in these areas include, 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 emissions.

Our environmental policy is part of Talanx's sustainability strategy. We aim to achieve continuous improvement and to comply with all applicable legal obligations and other requirements at all times. We also encourage our employees to conserve resources and to observe sustainability aspects in their daily work, and act as a role model here.

The Talanx Code of Conduct, which addresses all employees, sets current standards for responsible, ethical behaviour at all levels of the Group. Our new Code of Conduct for Business Partners, which we are currently piloting and rolling out in all divisions, addresses the area of procurement.

Climate change

GR1 103-1 Materiality: For us as a global insurance group, climate change is a material sustainability aspect that has a significant impact on all our business activities. Consequently, effective climate protection is fundamental to our sustainability strategy. We want to help achieve a lower-emissions economy by putting climate protection at the heart of our sustainability activities in our investments, underwriting and environmental management.

Topic Boundary: The challenges posed by climate change affect the entire Talanx Group, including both the upstream and downstream stages in the process (see the “Value chain” graphic on [page 9](#)) and its key stakeholders: customers and business partners, investors and employees. Climate aspects can potentially have negative effects on the Company's net assets, financial position and results of operations, and on its reputation.

Impacts: 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 nega-

tive 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 (see the section entitled “Risks and opportunities due to climate change” on [page 46f.](#)).

GRI 103-2 Measures and guidelines: This sustainability report describes the measures that we have already taken to align our business processes more closely with sustainability criteria, and particularly with aspects relating to the rapidly advancing process of climate change. As already mentioned at the beginning, the three elements of investment, underwriting and environmental management play a key role here. We provide detailed information on how our sustainability strategy is being implemented in these three areas in the sections entitled “ESG in asset management” ([page 47ff.](#)), “ESG in insurance solutions” ([page 54ff.](#)) and “Day-to-day Operations and Procurement”. In addition, we specifically use our memberships of recognised sustainability initiatives/frameworks and the opportunities for dialogue offered by regional/local networks as sources of ideas for enhancing Talanx’s sustainability strategy.

Responsibilities: Due to the complexity of the challenges resulting from climate change, the Board of Management and the divisions and departments within the Talanx Group share information on this subject both regularly and on an ad hoc basis (see the “Sustainability strategy and governance” section on [page 15ff.](#)). Particularly important in this context are the Group’s two ESG bodies – the Responsible Investment Committee (RIC) and the Responsible Underwriting Committee (RUC) – which provide support for the process of putting Talanx’s sustainability strategy into practice.

GRI 103-2 | 103-3 Results and monitoring: Since climate change impacts a number of non-financial aspects, the presentation of the related targets and measures largely refers to the corresponding sections of the Sustainability Report. In the reporting period, Talanx’s Board of Management formulated its overarching strategic goal of achieving carbon neutrality at its German locations from financial year 2019 onwards. We established our corporate carbon footprint in Germany for the first time and have already offset approximately 31,000 tonnes of unavoidable CO₂ emissions by participating in two high-quality offsetting projects in Uganda (reforestation: VCS & CCB project) and Brazil (sustainable forestry: VCS & CCB project); as a result, we have achieved this sustainability goal. Talanx’s approach is firstly to avoid and then to reduce greenhouse gases, and only in a third step to offset them. Additional information can be found in the following sections of the Sustainability Report:

- “Value chain” ([page 9f.](#))
- “Sustainability strategy and governance” ([page 15ff.](#))
- “Our sustainability goals” ([page 18ff.](#))
- “Risks and opportunities due to climate change” ([page 46f.](#))
- “ESG in asset management” ([page 47ff.](#))
- “ESG in insurance solutions” ([page 54ff.](#))
- “Day-to-day Operations and Procurement” ([page 76ff.](#))

Environmental protection in the enterprise

GRI 103-1 Materiality: The Talanx Group does not operate any physical production facilities but rather offers services in the areas of insurance and finance. As such, it has less impact on the environment than, for example, manufacturing companies or companies that are heavy users of raw materials. Nevertheless, the Group employs more than 22,000 employees at its locations around the world, and they consume energy and materials, take business trips and travel to and from work every day. In addition, the Group purchases products and operating materials that its employees need to do their jobs, such as paper, IT products and food for its canteens. These aspects can impact the environment.

Topic Boundary: Within the Talanx Group, sustainability in day-to-day operations is mainly relevant for Corporate Operations. In addition, the consumption of materials and energy in particular is significantly influenced by individual employee behaviour. The impacts of our core activities on the environment are dealt with in the chapter entitled “Investment and Insurance Products” ([page 45ff.](#)).

Impacts: We aim to ensure that our day-to-day activities are focused on sustainability by conserving resources, particularly in regard to energy and water consumption and materials usage. 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.

GRI 103-2 Measures and guidelines: The following chapter describes the measures that we have already taken to align our day-to-day operations more closely with sustainability criteria. A key focus in this context is on conserving resources, since a careful approach not only reduces the pressure on the environment but can also significantly cut operating costs (for example by avoiding waste). It goes without saying that all Group companies are interested in this – a fact that ensures progress.

Key measures taken include energy audits in accordance with DIN EN 16247, in which our energy utilisation is systematically analysed in order to identify potential for improvements more easily; our participation in energy efficiency initiatives such as the Climate Alliance Hannover 2030, Hannover ohne Plastik (HOP – “Hannover without Plastic”) and the BREEAM In-Use certificates obtained for individual locations.

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

Internal Services is responsible throughout Germany for pooling, coordinating and performing technical, infrastructure and sales support services. This ensures that office operations run smoothly and reduces the workload of the sales units. The unit is responsible,

among other things, for facility and lease management, setting up workspaces, canteen operations and catering, fire protection, logistics, waste disposal and issues relating to heating, ventilation and air conditioning. Environmental and sustainability topics are taken into account in a large number of areas.

Among other things, Human Resources Management organises offerings that allow employees to use local public transport at a reduced rate (group season tickets and job tickets), see also the section entitled “Employee travel to and from work”, [page 80f.](#)

GR1 103-2 | 103-3 Results and monitoring: The Talanx Group uses the results of the materiality analysis, among other inputs, to develop the management approach to be taken in the Day-to-day Operations and Procurement action area. This analysis takes the opinions of our stakeholders into account. In addition, Talanx has set itself concrete targets for reducing emissions and energy consumption, see our sustainability goals ([page 18ff.](#)). We review the progress we are making

towards achieving these goals on an ongoing basis and expand them to include additional or new ones where this makes sense.

In addition, 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 local initiatives such as “Hannover ohne Plastik” (HOP) specifically to take stock of our situation, analyse our weaknesses and develop measures to improve our internal environmental management.

Our analyses and reviews also build on ESG rating results.

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

ENVIRONMENTAL INDICATORS¹

Indicator	Unit	2019	2018
Number of employees covered as at 31.12.		17,568	16,429
Coverage	% of all employees	77.0	74.0
Energy consumption			
Energy consumption (heat and electricity) ²	Total in MWh	294,159.1	322,027.0
Energy consumption (heat and electricity)	MWh per employee	16.7	22.8
Fuel consumption – vehicle fleet ³	Total in litres	11,695,464.6	11,568,316.0
Fuel consumption – vehicle fleet	Litres per employee	665.7	799.5
Employee business travel			
Business travel (km by car/air/rail) ⁴	Total km	116,781,999.7	116,643,612.0
Business travel (km by car/air/rail) ⁴	km per employee	6,647.4	8,152.84
Greenhouse gas emissions by scope			
Scope 1 (direct emissions) ⁵	Metric tons of CO ₂ e	28,515.5	28,716.3
Scope 2 (indirect emissions) ⁶	Metric tons of CO ₂ e	40,548.7	34,775.6
Scope 3 (upstream and downstream emissions)	Metric tons of CO ₂ e	18,813.7	29,951.7
CO ₂ emissions (Scope 1 + 2 + 3)	Total in metric tons of CO ₂ e	87,877.9	93,443.6
CO ₂ emissions (Scope 1 + 2 + 3)	Metric tons per employee	5.0	6.4
Material consumption and waste			
Paper consumption ⁷	Total in metric tons	839.3	532.9
Paper consumption	kg per employee	47.8	42.7
Waste ⁸	Metric tons	2,617.3	2,104.7
Waste	kg per employee	283.3	229.4
Water consumption			
Water consumption ⁹	Total in m ³	164,040.9	139,777.1
Water consumption	Litres per employee	9,337.5	8,508.0

¹ Deviations between the current data and the figures for previous years cannot be ruled out, since the boundaries of the report are constantly being expanded. As a result, the change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed.

Significant deviations to the prior-year figures are explained in footnotes in the relevant sections of the report.

² 2019: No heating consumption data are available for Chile, Mexico, Turkey and the USA; 2018: No heating consumption data are available for Belgium, Brazil, Chile, France and Mexico.

³ 2019: No fuel consumption data given for Belgium, Chile and the USA; 2018: No fuel consumption data given for Belgium and Chile

⁴ Company cars (2019 and 2018): No data available for Belgium, Chile and Mexico; Air travel (2019 and 2018): No data available for Chile and Mexico;

Rail (2019): No data available for Belgium, Brazil, Chile, Mexico and Turkey; Rail (2018): No data available for Belgium, Brazil, Chile and Mexico.

⁵ 2019: Chile and the USA are not included in the Scope 1 emissions reported; 2018: Belgium and Chile are not included.

⁶ 2019: Comprises 100% of the Talanx Group companies included in the report (not including the Hannover Re Group);

2018: Comprises 100% of Talanx Group companies in Germany included in the report (not including the Hannover Re Group) plus Italy, Austria and Poland

⁷ Comprises the Talanx Group companies (not including the Hannover Re Group)

⁸ The figures given comprise the German locations only (not including the Hannover Re Group).

⁹ Covers 100% of the companies included in the report in each case (not including the Hannover Re Group)

GRI 302-1
Energy consumption

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

ENERGY CONSUMPTION – GERMANY¹

	2019	2018
Heat consumption in MWh	31,057.7	32,606.0
Electricity consumption in MWh	24,423.2	30,057.0
Total² in MWh	55,480.9	62,663.0
Fuel consumption (petrol and diesel) in litres ³	1,171,083.0	1,259,408.0

¹ In the case of Germany, the following information for the current year generally relates to our 14 national locations (headquarters and branch offices, not including the Hannover Re Group).

² We calculate consumption figures on the basis of the information provided by utility companies and service charge costs. 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.

³ The figures also include autogas consumption.

ENERGY CONSUMPTION – REST OF WORLD¹

	2019	2018
Heat consumption in MWh	4,758.2	6,426.0
Electricity consumption in MWh	233,920.5	252,938.0
Total in MWh	238,678.6	259,364.0
Fuel consumption (petrol and diesel) in litres	10,524,384.0	10,308,908.0

¹ 2019: The figures given for the companies abroad cover 100% of the staff employed there; 2018: The figures given for the companies abroad cover more than 75% of the staff employed there.

GRI 302-3 The energy intensity measure used is the ratio of the energy consumed to the space for which consumption is measured. The figure for the locations in Germany is 0.18 (0.24) MWh/m².

GRI 302-4 The Talanx Group has sourced green electricity for its locations in Germany since the start of financial year 2019. The power is sourced in accordance with RenewablePLUS green energy label requirements. The certificate issued to Talanx in 2019 covered deliveries of 24,408 MWh.

Information on additional measures implemented and planned at Group headquarters in Hannover can be found in the table on [page 21](#) under the goals and measures for “Day-to-day Operations and Procurement”.

GRI 305-1 | 305-3
Employee business travel

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

BUSINESS TRAVEL BY TALANX GROUP EMPLOYEES

In km	2019	2018
Rail travel ¹	15,269,386.7	16,075,955.0
Company cars ²	79,142,133.6	78,940,375.0
Air travel ³	22,370,481.4	21,645,282.0
Total	116,782,000.0	116,643,612.0
Per employee	6,647.4	8,152.8

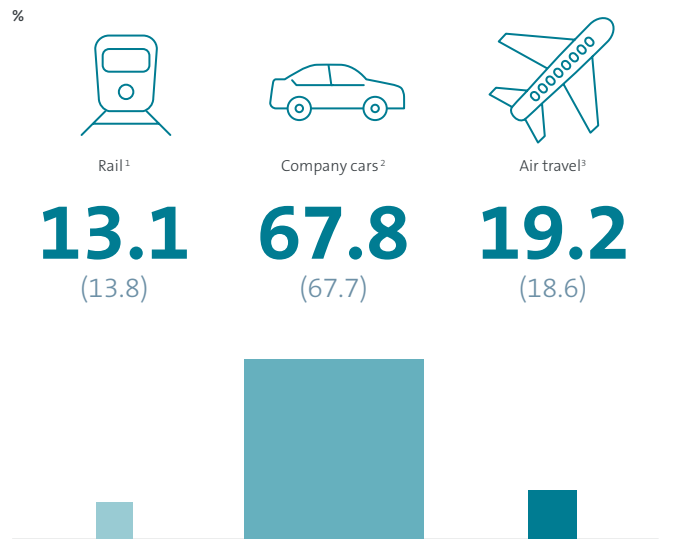
¹ Rail (2019): No data available for Belgium, Brazil, Chile, Mexico and Turkey; (2018): No data available for Belgium, Brazil, Chile and Mexico.

² Company cars (2018 and 2019): No data available for Belgium, Chile and Mexico.

³ Air travel: No data available for Chile and Mexico.

The greenhouse gas emissions caused by the use of company cars are included in the Scope 1 emissions (page 62); all other greenhouse gas emissions from business travel are included in the Scope 3 emissions ([page 81](#)).

KILOMETRES FROM BUSINESS TRAVEL, BROKEN DOWN BY MEANS OF TRANSPORT



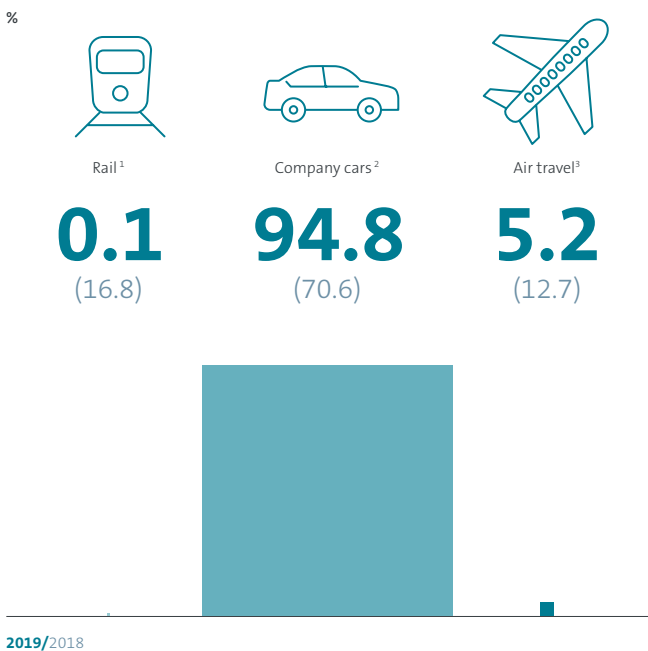
2019/2018

¹ Rail (2019): No data available for Belgium, Brazil, Chile, Mexico and Turkey; (2018): No data available for Belgium, Brazil, Chile and Mexico

² Company cars (2019 and 2018): No data available for Belgium, Chile and Mexico

³ Air travel (2019 and 2018): No data available for Chile and Mexico

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



¹ Rail (2019): No data available for Belgium, Brazil, Chile, Mexico and Turkey; (2018): No data available for Belgium, Brazil, Chile and Mexico. The emission factor for the reporting year 2019 was adjusted and internationally standardised.
² Company cars (2019 and 2018): No data available for Belgium, Chile and Mexico
³ Air travel (2019 and 2018): No data available for Chile and Mexico

GRI 305-5
Reduction in travel-related greenhouse gas emissions

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

To promote environmentally friendly and hence low-carbon business travel in Germany, all employees who travel on business, and specialists and managers who travel between our numerous German locations, receive a BahnCard business railcard for Deutsche Bahn on request. A total of 852 (899) employees took advantage of this offering in the reporting period; this figure also includes 15 (19) BahnCard 100 railcards that were chosen as alternatives to company cars. A total of 12,950,307 (12,138,669) person kilometres (pkm) were travelled long-distance. Thanks to the bahn.business programme, Talanx employees travel using 100% green electricity in Germany’s long-distance rail network. Additionally, since bahn.business offsets the indirect emissions, all long-distance travel using Deutsche Bahn is carbon-neutral. This means that using Deutsche Bahn for long-distance travel contributes to sustainable transport. A total of 985,421 (988,966) person kilometres were travelled locally, resulting in 50,176 (51,193) kg of CO₂ being emitted.

We also continued to reduce our vehicle fleet emissions. Since 1 January 2017, the target CO₂ figure for new vehicles has been 125g/km (previously 140g/km). This means we have exceeded our original goal of a reduction to 130 g/km. In addition to revising our company car

rules, we also continued our push towards electromobility during the reporting period. In addition to the ability to select hybrid-drive vehicles as company cars, the fleet now also comprises a number of electrically powered cars for use on service trips between locations. Five charging columns have been installed in Hannover for this. What is more, mail deliveries at the Group’s Hannover headquarters have been partially powered by electricity since April 2017. Talanx was one of the first companies in Germany to acquire one of the e-scooters developed by Deutsche Post. This saves approximately 1.7 metric tons of CO₂ over the space of one year.

The section on our sustainability goals gives an overview of all the goals and measures that Talanx has adopted in order to reduce emissions ([page 21](#)).

GRI 305-5
Employee travel to and from work

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

In Hannover, 1,195 (1,106) employees – around 36% (33%) of eligible employees there – had signed up for the group season ticket as at 31 December 2019. A Group works agreement for our Cologne location specifies that one job ticket is normally purchased for each core staff member; as at 31 December 2019, this amounted to a total of 2,064 (2,053) tickets. Since the job ticket in Cologne is collectively financed, the costs are determined on an annual basis and allocated to all users. The current take-up rate is around 64% (64%). At neue leben insurers’ location in Hamburg, a total of 192 (198) employees used the HVV ProfiCard – the job ticket offered by Hamburg’s public transport association – as at December 2019. This corresponds to roughly 62% (63%) of the workforce. A total of 73 (56) people – roughly 12% (9%) of employees – at our Hilden location had a job ticket as at the end of the year. A total of 21 (25) people – roughly 16% (18%) of the workforce – at our Düsseldorf site have a job ticket. In some cases, employees who use the ticket also receive a travel allowance from their employer.

As was the case last year, five Talanx Group locations – Hamburg, Hannover, Hilden, Cologne and Stuttgart – took part in the nationwide “City Cycling 2019” competition, supporting their municipalities in the race to become the “most active cycling region in Germany”. The City Cycling initiative aims to help protect the climate, cut carbon emissions and promote the increased use of bicycles at municipal level – all while having fun cycling. The teams at our locations got in gear in the truest sense of the word. The 269 participants at our core Hannover and Cologne locations alone pedalled more than 70,000 kilometres, once again achieving very good rankings.

Greenhouse gas emissions by scope

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

GRI 305-1

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.

SCOPE 1 EMISSIONS – GERMANY

tCO ₂ e	2019	2018
Scope 1 – Heating	602.3	908.6
Scope 1 – Vehicle fleet	2,711.0	3,160.3
Total	3,313.3	4,068.9

SCOPE 1 EMISSIONS – REST OF WORLD

tCO ₂ e	2019	2018
Scope 1 – Heating	606.7	572.6
Scope 1 – Vehicle fleet	24,595.4	23,899.4
Total¹	25,202.1	24,472.0²

¹ 2019: Chile and the USA are not included in the Scope 1 emissions given for the companies abroad. This means that coverage amounts to roughly 90% (measured in terms of the number of staff employed abroad); 2018: Belgium and Chile are not included in the Scope 1 emissions given for the companies abroad. This means that coverage amounts to roughly 90% (measured in terms of the number of staff employed abroad).

GRI 305-2

Scope 2 emissions

Our Scope 2 emissions comprise emissions from purchased electricity and purchased heating energy generated by district heating. The calculations are based on the country-specific emission factors, which can vary widely depending on the primary sources of energy used to generate power and district heating. This can lead in some cases to major differences in the specific emissions produced. For example, the proportion of renewable energy included in Austria's power grid is the highest in Europe, at over 70%. This means that local power consumption is less CO₂-intensive. Since up-to-date figures are not available for all countries, conservative estimates were made based on past figures in certain cases. In Germany, our activities as an investor in infrastructure projects are also directly promoting the shift in energy generation towards green energy (see also [page 49](#)).

SCOPE 2 EMISSIONS – GERMANY¹

tCO ₂ e	2019	2018
Scope 2 – Electricity	10,228.4	15,839.9
Scope 2 – District heating	7,027.3	6,842.4
Total	17,255.7	22,682.3

¹ 2019: Covered 100% of employees. 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.

SCOPE 2 EMISSIONS – REST OF WORLD¹

tCO ₂ e	2019	2018
Scope 2 – Electricity	22,712.4	6,653.9
Scope 2 – District heating	580.6	1,284.8
Total	23,293.0	7,938.7

¹ 2019: The figures given for the companies abroad cover up to 100% of the staff employed there; 2018: Aggregated presentation for Italy, Austria and Poland (coverage: roughly 46% of staff employed abroad).

GRI 305-3

Scope 3 emissions

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

SCOPE 3 EMISSIONS

tCO ₂ e	2019	2018
Scope 3 ¹	18,813.7	29,951.7

¹ The figures were calculated using the conversion factors for the underlying processes available from DEFRA and the IEA. Business travel using Deutsche Bahn's long-distance rail network has been climate-neutral since January 2018. The related CO₂ savings were not taken into account for 2018.

Materials used and waste

GRI 301-1| 301-2 The main way in which the materials used topic affects the Talanx Group, as a provider of services in the areas of insurance and finance, is in relation to paper. The volume of other materials used in the production of insurance cover and other services is not significant. For this reason, reducing paper consumption and using environmentally friendly paper is a key lever in making our business more sustainable.

Since the most environmentally friendly solution is to dispense with printing altogether, the Talanx Group is increasingly focusing on digital solutions. For example, HDI Austria is increasingly transmitting data electronically in order to be able to cut the amount of paper consumed. In Germany, even confidential documents can now be

exchanged securely by e-mail in a manner that meets all data protection requirements using sophisticated encryption algorithms. The recipient receives the key required for this via a separate digital channel (e.g. as a 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 and other digital options 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 will 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. We will be shifting printing and enveloping to an external service provider operating at four locations in Germany by the end of September 2020 at the latest. We will transfer the data sets for printing to the different locations in line with regional criteria, and hence shift a large proportion of the distance travelled away from the roads and onto the data highway.

However, since printing cannot be avoided entirely, Talanx focuses on a number of sustainability labels when procuring its materials. To date, the paper used for printing 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. In addition, our sustainability reports are available solely in electronic form.

OFFICE PAPER CONSUMPTION BY CORE WORKFORCE¹

Metric tons	2019	20182
Paper consumption	839.3	532.9

¹ 2019: Comprises 100% of employees at the companies included in the report; 2018: Comprises the Talanx Group's companies in Germany (not including the Hannover Re Group), Italy, Austria and Poland

In addition, during the reporting period a large number of documents in Germany were printed in our in-house print centre in Hannover, which serves all our German operating units. The centre used approximately 56.7 (96.5) million sheets, or roughly 283,5 (486) metric tons, of paper in the reporting period. This represents a further reduction in the amount consumed. Roughly 98% of the copy paper used was FSC-certified. Double-sided printing is also the prescribed standard at our locations. At present, the remaining printed paper used is still sourced from, and processed at, various printing companies at the request of the departments concerned. Here, too, we are currently examining whether centralised printing by our print centre would improve sustainability.

**MEXICO | ITALY
GERMANY | USA**

Sustainable office buildings

■ We are aiming to reduce our energy consumption and hence our CO₂ emissions worldwide by ensuring that our own buildings are energy-efficient. In line with this, our Mexican company will be moving to an EDGE-certified office building at the end of 2020 (EDGE stands for “Excellence in Design for Greater Efficiencies”). In addition, our Italian company will move to LEED-certified headquarters (LEED means “Leadership in Energy and Environmental Design”) in 2021. This means that two other office buildings over and above our headquarters in Hannover and the headquarters in the USA will contribute to the measures we are taking ourselves to cut emissions.

Equally, when making real estate investments we aim to select buildings that have been awarded sustainability certificates (e.g. DGNB, LEED, EDGE or BREEAM). Such certification schemes cover the ecological, economic, sociocultural and functional aspects of properties, among other things.



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.

In addition, our employees in Germany used approximately 1,497 (3,436) toner cartridges during the reporting period, of which 135 (68) were recyclable (this corresponds to roughly 9%).

GR1 306-2 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 135 (153) m³ of organic waste in Hannover and roughly 144.5 (145) m³ in Cologne was processed in biogas plants. The remaining (non-IT) waste is also disposed of by regional waste disposal companies and in some cases is treated at a mechanical-biological waste treatment plant (partly above-ground landfill, partly energy recovery). Our business only generates small volumes of hazardous waste and electronic waste; this is disposed of in compliance with all the relevant regulations by specialised waste management companies.

WASTE (GERMANY)¹

	Waste in metric tons		%	
	2019	2018	2019	2018
Recycling	1,453.6	1,039.0	55.5	49.4
Energy recovery (kitchen/food waste)	471.8	376.2	18.0	17.9
Composting	62.8	70.2	2.4	3.3
Residual waste (non-IT)	611.7	610.6	23.4	29.0
Electronic waste (small and large electronic devices)	2.3	2.8	0.1	0.1
Hazardous waste	15.0	6.0	0.6	0.3
Total waste	2,617.3	2,104.7	100.0	100.0
Waste per employee	0.2	0.2	—	—

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

Water consumption and waste water

GR1 303-1 | 306-1 The companies belonging to the Talanx Group source their water from the municipal and urban water supplies at the locations concerned. This means that the water quality is regulated by local and European standards. Waste water corresponds roughly to water consumption, flows into the municipal drainage system and is treated in the normal way.

WATER CONSUMPTION AND WASTE WATER

m ³	2019	2018
Total water consumption	160,040.9	139,777.1

Supplier management

GR1 103-1 Materiality: The biggest impact that the Talanx Group can have on the observance of human rights is in its global supply and value chain. Although we consider the risk of human rights abuses and of significant negative environmental impacts in our supply chain to be minor, we take care when selecting suppliers to ensure that they comply with national legislation on environmental protection and human rights, and with our Talanx Values. Social questions are relevant for procurement in particular; examples include the conditions under which people in our value chain work and whether human rights are respected. For this reason, the Group's sustainability strategy aims to organise its day-to-day operations and procurement activities in a sustainable manner.

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

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

GR1 103-2 Measures and guidelines: We developed a uniform Group-wide Code of Conduct for Business Partners in the reporting period in order to underscore our commitment to national environmental legislation, to ensure respect for human rights and compliance with our Talanx Values, and to be able to exert a positive influence over and above the legal requirements. The new document was resolved by Talanx's Board of Management. It covers both IT and non-IT procurement and sets out binding rules on the following topics: anti-corruption and bribery matters, respect for human rights, environmental, social and other employee matters, data protection and the protection of business secrets. We already launched the implementation process for the new code of conduct in the individual divisions during the reporting period.

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

GR1 103-2 | 103-3 Results and monitoring: The Purchasing (IT and Non-IT) function is extremely important for the Company's success. This is why internal work instructions are used to define binding purchasing standards for the Talanx Group, so as to ensure that it has orderly and efficient procurement processes. These make a significant contribution to our ability to reach our corporate goals and ensure compliance. Only authorised organisational units may engage in procurement. In addition, compliance with internal guidelines and work instructions is checked during our regular internal audits.

Environmental protection in supplier management

GR1 204-1 | 308-1 | 308-2 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, which keeps transport distances short. In Germany, roughly 40% of our suppliers of operating equipment and foodstuffs fall within this category, as do roughly 22% of our IT suppliers. Our foreign companies generally define regional suppliers as companies domiciled in the country concerned. Only in the area of IT procurement were there some cases of cross-border supply agreements. We also pay attention to the environmental compatibility of our materials and almost exclusively source paper from sustainably managed forests (FSC label); in addition, we source certified organic food for our company canteens to a certain extent.

Talanx has developed a Code of Conduct for Business Partners so as to be able to increase its focus on ecological criteria going forward, and to apply these systematically when selecting suppliers. We already launched the implementation process for the new code of conduct in the individual divisions during the reporting period. It covers both IT and non-IT procurement and sets out binding rules on the following topics: anti-corruption and bribery matters, respect for human rights, environmental, social and other employee matters, data protection and the protection of business secrets.

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

Labour practices and respect for human rights at suppliers

GR1 407-1 | 408-1 | 409-1 | 414-1 | 414-2 Talanx largely uses domestic suppliers in its non-IT procurement activities. These are subject to German jurisdiction, and in particular to German employment laws. Consequently, Talanx has not performed a separate review to date to determine whether its suppliers comply with labour practices, whether they violate or endanger the right to freedom of association, collective bargaining or human rights, whether they pose the risk of child, forced and compulsory labour or whether they impact on society.

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

Our Group-wide Code of Conduct, which is available in nine languages, is an effective tool that makes our commitment to complying with the

BRAZIL | AUSTRIA

Recycling

■ Most of the waste generated by the Talanx Group consists of paper, plastic or kitchen waste. A large proportion of this can be recycled by local waste disposal companies.

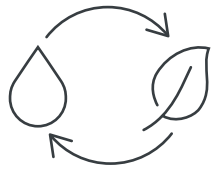
Above and beyond this, HDI Brazil makes a positive contribution to the environment by collecting waste and recycling materials within the company. All employees are involved in the project and help with waste separation so as to ensure that this is done properly. Other international subsidiaries are also combining recycling with employee involvement and social commitment. For example, HDI Austria is taking part in the “Stoepsel-Sammeln” project. This initiative collects and recycles plastic bottle tops. The proceeds are used to fund social projects.



laws in force transparent. It formulates fundamental legal and ethical requirements and duties that our staff have to abide by during their work. It highlights the ban on money laundering and illegal financing, and expressly draws attention to the fact that the competent anti-money laundering officer and compliance officer must be informed of all suspected cases. It also sets out specific rules of conduct covering, among other things, avoiding and disclosing conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; stakes in other companies and participations in transactions.

Here, too, we should mention the Group's uniform Code of Conduct for Business Partners, which was resolved by Talanx's Board of Management and for which the roll-out started in the reporting period.

Day-to-day operations in figures



APPROX. **294** THOUSAND MWH
ENERGY CONSUMPTION WORLDWIDE



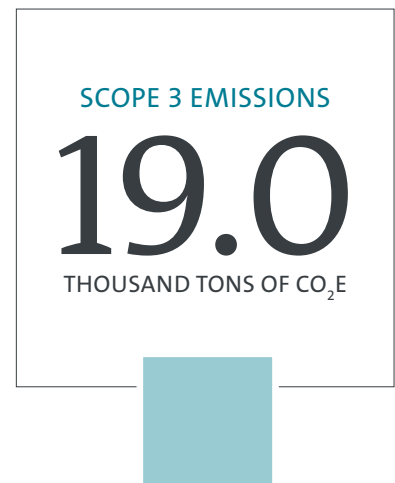
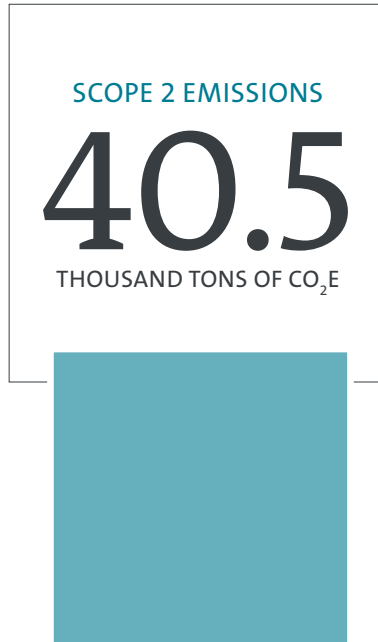
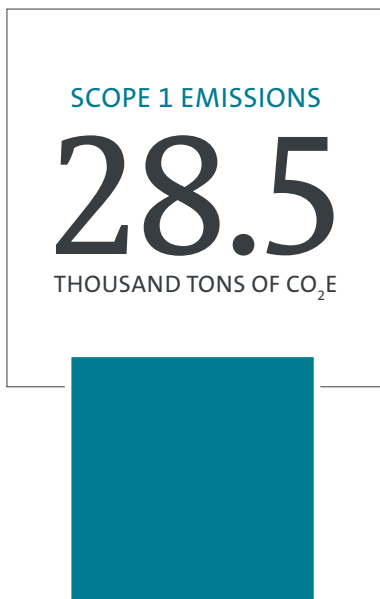
29.4%

LESS ENERGY CONSUMPTION
IN GERMANY



12.3%

LESS ENERGY CONSUMPTION
WORLDWIDE



6.0%

LESS CO₂-EMISSIONS
WORLDWIDE



21.9%

LESS CO₂-EMISSIONS PER
EMPLOYEE WORLDWIDE



Further Information

	PAGE
About this report	88
GRI content index	92
Contact information	98

Further Information

About this report

GRI 102-52 | 102-54 The Talanx Group uses this sustainability report to provide comprehensive information on ESG topics. The report was prepared in accordance with the GRI Standards' Core option. In some cases, however, the information provided goes beyond the scope of the Core option, for example because the report is also designed to meet the information requirements of relevant ESG ratings that have a sustainability focus. The Talanx Group has published a sustainability report annually since 2015.

The GRI content index ([page 92ff.](#)) provides an overview of all GRI topics and indicators contained in this report; the links between the UN's Sustainable Development Goals (SDGs) and the relevant measures taken by Talanx can be found on [page 29](#). Our sustainability goals are listed on [page 18ff.](#) The references and symbols used are explained in the key on [page 1](#).

One important basis for this report and for our sustainability strategy are the two stakeholder surveys that were conducted in 2014 and 2018 among employees, customers, intermediaries and business partners, investors and analysts, politicians, and representatives of NGOs, associations, research institutions, the media and society, see the section entitled "Materiality analysis" ([page 22ff.](#)). We conducted our materiality analysis in accordance with the principles for defining report content set out in the GRI and the German Commercial Code (HGB, as amended by the German CSR Directive Implementing Act ((CSR-RUG)).

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

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

- Show Talanx's significant economic, environmental and social impacts
- Substantively influence our stakeholders' assessments and decisions, and
- Are highly relevant for our business success.

In order to ensure the materiality of the report content, we include topics that have been identified as particularly important on an aggregate basis both by the stakeholders surveyed and by Talanx's internal Sustainability Competence Team. We also report on those topics that our key stakeholder groups consider to be particularly important. Details of these topics can be found in the overview of material and additional topics ([page 26f.](#)).

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

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

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

Section 315b(1) in conjunction with section 315c/section 289c of the HGB requires the Talanx Group to prepare a consolidated non-financial statement. This statement was included in the [2019 Group Annual Report](#) and can be found on page 58ff. of that document, in the "Consolidated non-financial statement" section of the combined

management report. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance review of the consolidated non-financial statement in accordance with ISAE 3000 (Revised).

GRI 102-45 | 102-49 Scope of reporting: The Talanx Group is successively expanding its sustainability reporting to companies in its target regions. The current report already includes the Talanx Group companies and locations listed in the following table, to the extent that these make a significant contribution to the indicators or topics:

SCOPE OF SUSTAINABILITY REPORTING

Affiliates included in reporting	Country	Employees	Divisions and companies reporting	Equity interest (shareholding)
Talanx Group companies and locations in Germany	Germany	9,237	Talanx AG	100% in all cases
			Industrial Lines Division in Germany	
			Retail Germany Division	
			HDI International AG	
			Corporate Operations: HDI Service AG HDI Systeme AG Ampega Asset Management GmbH	
WARTA Group	Poland	2,772	Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A.	75.74%
			Towarzystwo Ubezpieczeń na Życie WARTA S. A.	75.74%
HDI Seguros S. A. de C. V.	Mexico	1,434	HDI Seguros S. A. de C. V.	99.76%
HDI Seguros S. A.	Brazil	1,278	HDI Seguros S. A.	100%
HDI Seguros S. A.	Chile	768	HDI Seguros S. A.	99.91%
HDI Sigorta A. Ş.	Turkey	644	HDI Sigorta A. Ş.	100%
HDI Assicurazioni	Italy	396	InLinea S. p. A	100%
			HDI Immobiliare SRL	100%
			InChiaro Life DAC	100%
HDI Global SE – the Netherlands ¹	Netherlands	335	n.a.	Gross written premiums in EUR thousand: 299,467
HDI Versicherung AG (Austria)	Austria	325	HDI Versicherung AG (Austria)	100%
HDI Global Insurance Company (USA) ¹	USA	144	n.a.	Gross written premiums in EUR thousand: 488,167
HDI Global SE – Direction pour la France ¹	France	142	n.a.	Gross written premiums in EUR thousand: 411,618
HDI Global SE – Branch for Belgium ¹	Belgium	93	n.a.	Gross written premiums in EUR thousand: 228,543

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

As at the 31 December 2019 reporting date, this report therefore covered 18,964 members of staff. This corresponds to 83.1% of the Group's total workforce (22,824). However, selected employee indicators cover the entire Talanx Group.

We use our call-outs (□ page 52, page 55, page 67, page 71, page 82, page 85) 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.

GR1 102-50 Reporting period: This report refers to the 2019 financial year, i.e. to the period from 1 January 2019 to 31 December 2019. Due to the inclusion of additional companies and branches in the report and to consolidated presentation where possible, no year-to-year comparisons of the indicators are generally possible. We indicate and comment on changes in data capture as appropriate.

The Talanx Group – key memberships

GR1 102-13 The Talanx Group is a member of a large number of regional, national and global associations, interest groups and organisations. In addition, our staff are members of working groups that focus on a variety of topics and contribute their expertise to relevant discussions, including on sustainability topics. The following list shows selected key memberships:

Insurance industry associations and groups

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

Business and commercial associations

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

Support and sponsorships

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

Topic- and function-specific bodies

- Allgemeine Arbeitgebervereinigung (AGV)
- Allianz für Entwicklung und Klima
- 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
- MindSphere World e. V.
- Principles for Responsible Investment (PRI)
- World.Minds AG

The Talanx Group – memberships (rest of world)

Belgium

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

Brazil

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

Chile

- Asociación de Aseguradores de Chile

Italy

- Associazione Nazionale tra le Imprese Assicuratrici (ANIA)

Mexico

- Association of Mexican Insurance Companies (AMIS)

Netherlands

- Coöperatieve Vereniging Nederlandse Assurantie Beurs U. A. (VNAB)
- Dutch Association for Risk- and Insurance Managers (NARIM)
- Verbond van Verzekeraars
- International Union of Marine Insurance (IUMI)

Austria

- Aktuarvereinigung Österreichs (avö)
- Arbeitsgemeinschaft der in Österreich tätigen Versicherungsunternehmen
- Arbeitsgemeinschaft der Steirischen Versicherungsmakler
- Kuratorium für Verkehrssicherheit
- Österreichische Gesellschaft für Versicherungsfachwissen
- Österreichische Marketing Gesellschaft
- Österreichischer Baumaschinenverband
- TWI Wirtschaftsservice e. V.
- Versicherungsverband Österreich (vvo)

Poland

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

Turkey

- Insurance Association of Turkey

USA

- American Association of Managing General Agents (AAMGA)
- American Property Casualty Insurance Association (APCIA)
- Inland Marine Underwriters Association
- National Association of Insurance Commissioners (NAIC)
- National Council on Compensation Insurance (NCCI)
- PLUS Insurance Regulation Organizations
- Recording Industry Association of America (RCIAA)
- Wholesale & Specialty Insurance Association (WSIA)

GRI content index

GRI 102-55 The following two tables (and the table on page 17) 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 ([page 26f.](#)) for information on how the GRI topics are assigned to the Talanx-specific topics.

MANAGEMENT APPROACHES

	GRI 103: Management approaches 2016		
	103-1 Explanation of the material topics and their boundaries	103-2 The management approach and its components	103-3 Evaluation of the management approach
Compliance	36	36, 37	37
Human rights at Talanx	64	65	65
Anti-corruption and anti-money laundering	36	37	39
Data protection and cybersecurity	39	39, 40	40
Digital transformation	41	41	41
ESG in asset management	47	47, 48	48
Sustainability of insurance products	49	50	50
Employee recruitment and development	61	61, 62	62
Talanx as an employer	64	65	65
Occupational health and safety	70	70	70
Climate change	76	77	77
Environmental protection in the enterprise	77	77, 78	78
Supplier management	83	84	84

GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
GRI 101:	Foundation 2016			
General Disclosures				
GRI 102:	General Disclosures 2016			
	Organisational profile			
102-1	Name of the organisation	7		
102-2	Activities, brands, products and services	8		
102-3	Location of headquarters	7		
102-4	Location of operations	8		
102-5	Ownership and legal form	7		
102-6	Markets served	8		
102-7	Scale of the organisation	7,8		
102-8	Information on employees and other workers	60, 61		6
102-9	Supply chain	9		
102-10	Significant changes to the organisation and its supply chain	7	https://www.talanx.com/investor-relations	
102-11	Precautionary Principle or approach	46		
102-12	External initiatives	28		
102-13	Membership of associations	90		
	Strategy			
102-14	Statement from senior decision-maker	5	See Letter from the Chairman	
	Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	35		10
	Governance			
102-18	Governance structure	10, 27		
102-20	Executive-level responsibility for economic, environmental and social topics	27		
102-22	Composition of the highest governance body and its committees	10, 11		
102-23	Chair of the highest governance body	11		
102-24	Nominating and selecting the highest governance body	10		
102-25	Conflicts of interest	11		
102-26	Role of highest governance body in setting purpose, values and strategy	27		
102-29	Identifying and managing economic, environmental and social impacts	27, 28, 46		
102-31	Review of economic, environmental and social topics	27		
102-32	Highest governance body's role in sustainability reporting	27		
102-35	Remuneration policies	11		
	Stakeholder engagement			
102-40	List of stakeholder groups	15, 22		
102-41	Collective bargaining agreements	61		3
102-42	Identifying and selecting stakeholders	15, 23		
102-43	Approach to stakeholder engagement	22, 23, 28, 50		
102-44	Key topics and concerns raised	15, 23, 25, 50		
	Reporting practice			
102-45	Entities included in the consolidated financial statements	8, 89		
102-46	Defining report content and topic Boundaries	22		
102-47	List of material topics	24, 25		

GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
102-48	Restatements of information		Restatements are indicated at the appropriate points.	
102-49	Changes in reporting	89		
102-50	Reporting period	90		
102-51	Date of most recent report	98		
102-52	Reporting cycle	88		
102-53	Contact point for questions regarding the report	98		
102-54	Claims of reporting in accordance with the GRI Standards	88		
102-55	GRI content index	92		
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. The consolidated non-financial statement in accordance with Section 315b (1) of the German Commercial Code (HGB) contained in the section "Consolidated non-financial statement" of the Combined Management Report is "limited assurance" audited	
Economic topics				
Economic Performance				
GRI 201:	Economic Performance 2016			
201-1	Direct economic value generated and distributed	7	We do not capture the value of community investments made; an employee volunteering concept is currently being developed.	
201-2	Financial implications and other risks and opportunities due to climate change	48		7
201-3	Defined benefit plan obligations and other retirement plans	61		
Market Presence				
GRI 202:	Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	63		
202-2	Proportion of senior management hired from the local community	63		
Indirect Economic Impacts				
GRI 203:	Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	49		
203-2	Significant indirect economic impacts	45, 48, 49		
Procurement				
GRI 204:	Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	84		
Anti-corruption				
GRI 205:	Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	37		10
205-2	Communication and training about anti-corruption policies and procedures	38		10
205-3	Confirmed incidents of corruption and actions taken	38		10
Anti-competitive Behaviour				
GRI 206:	Anti-competitive Behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	37		10

GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
Environmental topics				
Materials				
GRI 301:	Materials 2016			7, 8
301-1	Materials used by weight or volume	81		8
301-2	Recycled input materials used	81		
Energy				
GRI 302:	Energy 2016			
302-1	Energy consumption within the organisation	79		7, 8
302-3	Energy intensity	79		8
302-4	Reduction of energy consumption	79		8, 9
Water				
GRI 303:	Water 2016			7, 8
303-1	Water withdrawal by source	83		
Emissions				
GRI 305:	Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	79, 81		7, 8
305-2	Energy indirect (Scope 2) GHG emissions	81		7, 8
305-3	Other indirect (Scope 3) GHG emissions	79, 81		7, 8
305-5	Reduction of GHG emissions	80		8, 9
Effluents and Waste				
GRI 306:	Effluents and Waste 2016			
306-1	Water discharge by quality and destination	83		8
306-2	Waste by type and disposal method	83		8
Environmental Compliance				
GRI 307:	Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	37		8
Supplier Environmental Assessment				
GRI 308:	Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	84		8
308-2	Negative environmental impacts in the supply chain and actions taken	84		8
Social topics				
Employment				
GRI 401:	Employment 2016			
401-1	New employee hires and employee turnover	62		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	69		
401-3	Parental leave	68		
Occupational Health and Safety				
GRI 403:	Occupational Health and Safety 2016			
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	70		
403-3	Workers with high incidence or high risk of diseases related to their occupation	70		
Training and Education				
GRI 404:	Training and Education 2016			

GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
404-1	Average hours of training per year per employee	63		
404-2	Programs for upgrading employee skills and transition assistance programs	64		
404-3	Percentage of employees receiving regular performance and career development reviews	64		
Diversity and Equal Opportunity				
GRI 405:	Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	11, 65		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	65		1, 2, 6
Non-discrimination				
GRI 406:	Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	65		1, 2, 6
Freedom of Association and Collective Bargaining				
GRI 407:	Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	36, 84		1, 2, 3
Child Labour				
GRI 408:	Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	36, 84		1, 2, 5
Forced or Compulsory Labour				
GRI 409:	Forced or Compulsory Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	36, 84		1, 2, 4
Human Rights Assessment				
GRI 412:	Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	37	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	36	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	48	See FS11	1-6
Supplier Social Assessment				
GRI 414:	Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	84		1-6
414-2	Negative social impacts in the supply chain and actions taken	84		1-6
Public Policy				
GRI 415:	Public Policy 2016			
415-1	Political contributions	37		10
Marketing and Labelling				
GRI 417:	Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling	51		
417-2	Incidents of non-compliance concerning product and service information and labelling	51	There were no material incidents in the reporting period.	

GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
417-3	Incidents of non-compliance concerning marketing communications	51	There were no material incidents in the reporting period.	
	Customer Privacy			
GRI 418:	Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	40	There were no material incidents in the reporting period.	
	Socioeconomic Compliance			
GRI 419:	Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	37, 51	There were no material incidents in the reporting period.	1-10
Sector-specific disclosures				
	Product Portfolio			
	Management approach		Sustainability of insurance products	
FS6	Percentage of the portfolio for business lines by specific region, size and sector	8		
FS7	Monetary value of products and services designed to deliver a specific social benefit	54		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	54		8
	Audit			
	Management approach		Sustainability of insurance products	
	Active Ownership			
	Management approach		Sustainability of insurance products	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Talanx currently does not exercise voting rights for shares over which the Group holds the right to vote shares	1-10
FS11	Percentage of assets subject to positive and negative environmental or social screening	48		1-10
	Local Communities			
	Management approach		Sustainability of insurance products	
FS13	Access points in lowpopulated or economically disadvantaged areas by type	55		

Contact information

© 2020

Talanx AG

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

 102-53

Responsible

Andreas Krosta, Head of Group Communications
Sustainability Team
Kathrin Tillmann, Thore Schmidt, Julius Hansen
Telephone +49 511 3747-2022
nachhaltigkeit@talanx.com

Contact for investors

Carsten Werle

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

Picture credits

First Climate: page 75
Inga Sinieux: page 14
iStock: pages 24, 34, 38, 52, 55, 58, 67, 85
Talanx: cover, pages 3, 5, 58, 71, 82
unsplash: pages 34, 44, 75

Illustrations: Bernd Schifferdecker

Published on 6 May 2020

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

 102-51

The most recent previous sustainability report was published on 4 June 2019.

Talanx's online Sustainability Report:

www.talanx.com/nachhaltigkeit

Glossary for the Sustainability Report:

www.talanx.com/nachhaltigkeit/glossar-und-abk

Follow us on Twitter:



@talanx

@talanx_en

Disclaimer

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

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

Group structure

TALANX AG						
GESCHÄFTSBEREICH INDUSTRIE- VERSICHERUNG	GESCHÄFTSBEREICH PRIVAT- UND FIRMEN- VERSICHERUNG DEUTSCHLAND		GESCHÄFTSBEREICH PRIVAT- UND FIRMEN- VERSICHERUNG INTERNATIONAL	GESCHÄFTSBEREICH RÜCKVERSICHERUNG	KONZERN- FUNKTIONEN	
INDUSTRIAL LINES DIVISION	RETAIL GERMANY DIVISION		RETAIL INTERNATIONAL DIVISION	REINSURANCE DIVISION	CORPORATE OPERATIONS	
	SCHADEN/ UNFALL- VERSICHERUNG	LEBENS- VERSICHERUNG		SCHADEN- RÜCK- VERSICHERUNG	PERSONEN- RÜCK- VERSICHERUNG	
	PROPERTY/ CASUALTY INSURANCE	LIFE INSURANCE		PROPERTY/ CASUALTY REINSURANCE	LIFE/HEALTH REINSURANCE	
HDI Global SE	HDI Deutschland AG		HDI International AG	Hannover Rück SE		Ampega Asset Management GmbH
HDI Global Specialty SE	HDI Versicherung AG		HDI Seguros S. A. (Argentina)	E+S Rückversicherung AG		Ampega Investment GmbH
HDI Versicherung AG (Austria)	Lifestyle Protection AG		HDI Seguros S. A. (Brazil)	Hannover ReTakaful B.S.C. (c) (Bahrain)		Ampega Real Estate GmbH
HDI Global Seguros S. A. (Brazil)	neue leben Unfallversicherung AG		HDI Seguros S. A. (Chile)	Hannover Re (Bermuda) Ltd.		HDI Service AG
HDI Global Seguros S. A. (Mexico)	PB Versicherung AG		HDI Seguros S. A. (Colombia)	Hannover Reinsurance Africa Limited		HDI Systeme AG
HDI Global Insurance Limited Liability Company (Russia)	TARGO Versicherung AG		HDI Seguros de Vida S. A. (Colombia)	Hannover Life Re of Australasia Ltd.		Talanx Reinsurance Broker GmbH
HDI Global SA Ltd. (South Africa)	HDI Lebensversicherung AG		HDI Seguros S. A. de C. V. (Mexico)	Hannover Life Reassurance Bermuda Ltd.		
HDI Global Insurance Company (USA)	HDI Pensionskasse AG		HDI Seguros S. A. (Uruguay)	Hannover Re (Ireland) DAC		
HDI Global Network AG	Lifestyle Protection Lebensversicherung AG		TUIR WARTA S. A. (Poland)	Hannover Life Reassurance Africa Limited		
HDI Reinsurance (Ireland) SE	neue leben Lebensversicherung AG		TU na Życie WARTA S. A. (Poland)	Hannover Life Reassurance Company of America		
	PB Lebens- versicherung AG		TU na Życie Europa S. A. (Poland)			
	PB Pensionsfonds AG		TU Europa S. A. (Poland)			
	HDI Pensionsmanagement AG		OOO Strakhovaya Kompaniya „Civ Life“ (Russia)			
	TARGO Lebens- versicherung AG		HDI Assicurazioni S. p. A. (Italy)			
			Magyar Posta Biztosító Zrt. (Hungary)			
			Magyar Posta Életbiz- tosító Zrt. (Hungary)			
			HDI Sigorta A. Ş. (Turkey)			

Nur die wesentlichen Beteiligungen
Main participations only

Stand / As at: 31.12.2019

