

# Sustainability Report 2021

**tal anx.**

Insurance. Investments.

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Links to more detailed information are provided at various points in this sustainability report:



References to other places in the sustainability report



Reference to the GRI Standards



Reference to the TCFD Recommendations

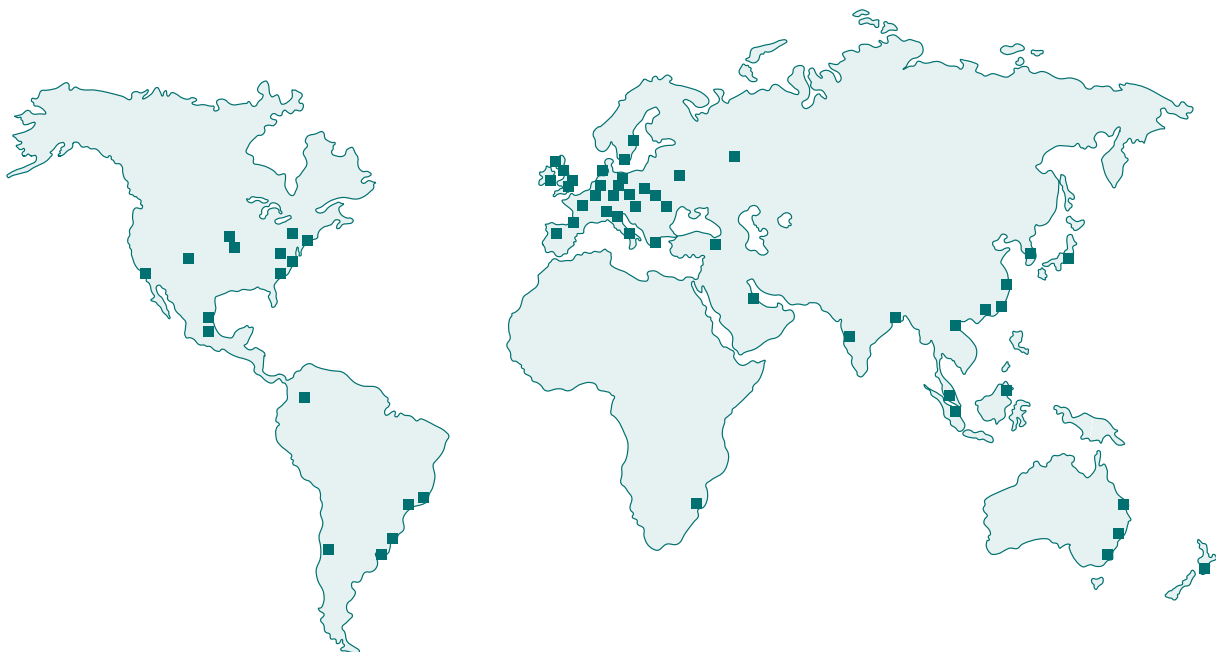


Reference to websites

Underlined text indicates a link to additional information.

# The Company

The Talanx Group is a multi-brand provider focusing on B2B insurance. As an international group and a long-term investor, Talanx sees acting sustainably as important, which is why it takes sustainability aspects into account in its business activities. Headquartered in Hannover, the Talanx Group has subsidiaries and branch offices on five continents around the world, and is active through partnerships in more than 150 countries.



EMPLOYEES<sup>1</sup>



NUMBER OF COUNTRIES



GROUP NET INCOME

EUR million



GROSS WRITTEN PREMIUMS

EUR billion



OPERATING PROFIT (EBIT)

EUR billion

23,954 >150 1,011 45.5 2.5

<sup>1</sup> This document uses genderneutral language throughout.

# Highlights 2021

## ESG



included in Board of Management remuneration (📄 [Corporate governance](#) and 📄 [ESG governance](#)).

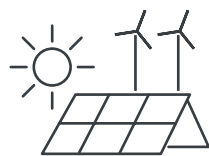
EU Taxonomy KPIs reported for the first time (📄 [Climate-related and environmental matters in asset management](#), 📄 [Climate-related and environmental matters in underwriting](#) and 📄 [Metrics and targets](#)).



The Company's NewWork@HDI Group works agreement defines how to deal with the new normal featuring both mobile working and office work (📄 [Employee Matters](#)).



Talanx has published its annual Communication on Progress report as a signatory to the UN Global Compact (📄 [Foreword](#)).

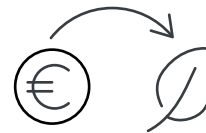


Talanx is continuing to work towards net zero emissions in Group operations by 2030 – it achieved climate neutral operations in Germany in 2019 (📄 [Climate and environmental protection in the enterprise](#)).



# 2050

The Talanx Group has set itself the goal of achieving net zero emissions in asset management and underwriting by 2050. (📄 [Climate-related and environmental matters in asset management](#) and 📄 [Climate-related matter in underwriting](#))



EUR

# 7.2

BILLION

in sustainable investments by the Talanx Group up to 2021 (📄 [Climate-related and environmental matters in asset management](#)).

## Foreword

*Dear ladies and gentlemen,*

**GR1 102-14** 2021 was a challenging year that saw both extreme natural disasters and the ongoing corona virus pandemic. The latter and the serious impact of climate change are having more and more clearly visible effects on our daily lives – a “new normal” that makes the need for cultural transformation clear. We are working together to make this happen in line with our Talanx Purpose, “Together we take care of the unexpected and foster entrepreneurship”.

In keeping with the idea of continuous adaptation and improvement, we made additional enhancements to our internal working model in the 2021 reporting period with our “New-Work@HDI” Group works agreement, allowing us to adapt flexibly to current and future work requirements. In addition, we are investing throughout the Group in our managers and their teams, and in our culture with our “Together Leadership Journey”. Our goal here over the next two years is to put the management principles that we share – transparency, collaboration and commitment – at the heart of what we do every day, to establish a culture of trust between managers and their teams, and to jointly build a bridge to our new normal. We are open to change and promote equal opportunities and diversity throughout the Group. This is why we successfully established a Diversity & Inclusion function in the Group in 2021.

Climate change is a serious threat and one that we, as an insurer, look at very closely. We are combating its impact by focusing squarely on sustainability and take ESG aspects into account in many ways and areas in our strategic decisions. We continuously expanded our sustainability strategy in the reporting period and embedded sustainability even more firmly in our business model. We have raised the bar again for our sustainability goals by committing to the Paris Agreement on climate change. After achieving carbon neutrality in



our operations in Germany, where more than 45% of the Group’s employees work, we are now aiming to do this worldwide by 2030. We also substantially improved our carbon measurement process and further cut our carbon emissions this year.

Above and beyond our existing net zero target for global operations, we have also undertaken to achieve net zero emissions in our underwriting and investment activities by 2050.

In the underwriting area, we are continuously expanding our ESG approach and are paying particular attention to the Principles for Sustainable Insurance (PSI). We have set ourselves the goal of exiting business models based on thermal coal and oil sands by 2038 at the latest. We are monitoring other fossil energy sources on an ongoing basis and making further adjustments to our underwriting policy to ensure it remains aligned with the risks involved in all cases. At the same time, we are aiming to be a leading insurer in the renewables area.

»Despite the challenges, we are remaining resilient and continuing our development journey together, in line with our Talanx Purpose: ›Together we take care of the unexpected and foster entrepreneurship‹.«

We are continuing to make significant progress in asset management and are systematically creating transparency in this area through our membership of the Principles for Responsible Investment (PRI), the UN finance initiative. We are aiming to reduce the carbon intensity of our investment portfolio by 30% compared to the 2019 baseline in the period up to 2025, as a step towards our goal of achieving net zero emissions in this area by 2050. In addition, we will lift our sustainable investment volume from the previous figure of EUR 5 billion to EUR 8 billion in the period up to 2025. These measures systematically link our sustainability strategy and our financing strategy. For example, we published a Green Bond Framework in the reporting period and successfully placed our first green bond, which had a volume of roughly EUR 500 million, on the market. The bond's objective is to invest an amount equivalent to the proceeds generated in sustainable projects such as renewable energy and green buildings.

The EU Taxonomy, which formally entered into force in June 2020, is a key transparency criterion for the sustainability of our investments and insurance portfolio. We published our first Taxonomy KPIs during the reporting period, providing customers and investors in particular with additional information to help them make decisions. We shall continue to expand disclosures on our Taxonomy KPIs going forward in line with the staggered introduction of the Taxonomy Regulation.


We are also increasingly integrating ESG aspects into our management of the Company, and hence underscoring our sustainability

ambitions. Our new remuneration system for the Board of Management not only rewards good leadership but also defines contributions to be made by the individual Board members to our sustainability strategy. Since a high awareness of sustainability requires transparency and information sharing, we also established a Group-wide Sustainability Network in the reporting period. We use this to expand our knowledge of a variety of sustainability topics together in a coordinated, efficient manner.

This seventh sustainability report also reflects the important discussion of climate and environmental aspects, social matters and sustainable corporate management.

We are underscoring our focus on sustainability by, among other things, successively expanding the companies included in our reporting and incorporating global and national reporting standards and principles in our sustainability reports. We also remain committed to the UN Global Compact and its Principles. We are aware that we can make a valuable contribution to a sustainable future and are working towards it together – in line with our Talanx Purpose.

I wish you a pleasant and informative read. We look forward to your feedback and to a fruitful discussion with you.

Yours sincerely,  


# Introduction

## Introduction

**GRI 201-1** The Talanx Group is a multi-brand provider in the insurance and financial services sector. In 2021, as in the past, it turned in a robust, resilient performance. The table below shows the Group's key financial indicators and metrics. Additional information on Talanx's business performance and size, and on the economic value that it generates and distributes can be found in the Group Annual Report 2021:

- For Talanx's premium volumes and the results of its segments and individual markets, see [the "Business development" section](#) (p. 48ff.).
- For its total assets including information on liabilities and equity, see [Talanx AG's consolidated balance sheet](#) (p. 130ff.).
- For information on Talanx's shares, see [the "Talanx shares" section](#) (p. 11ff.) and ["Earnings per share"](#) (p. 226).
- For information on administrative expenses, see Note 33 ["Acquisition costs and administrative expenses"](#) (p. 216).
- For information on personnel expenses, see Note 34 ["Other income/expenses"](#) (p. 217).
- For information on interest and dividends paid, see [Talanx AG's consolidated cash flow statement](#) (p. 217f.).
- For the reported tax expense, see Note 36 ["Taxes on income"](#).

**GRI 102-10** Material changes in the size, structure and ownership of the Talanx Group in the financial year are described in the Group Annual Report 2021; see among other things the sections entitled ["Fundamental information about the Group"](#) (p. 36f.) and ["Business development"](#) (p. 48ff.). No significant changes in the structure of the supply chain or relationships with suppliers were identified in the past financial year.

**GRI 102-4 | 102-45** The Talanx Group has subsidiaries and branch offices throughout the world, and global business relationships with primary insurance and reinsurance customers at a global level. A detailed list of all entities included in the consolidated financial statements is provided in the ["List of shareholdings"](#) (p. 231ff.) section of the Group Annual Report 2021.

**GRI 102-2 | 102-6** The Group's business is divided into "Insurance" – which has six reportable segments – on the one hand and a seventh segment, "Corporate Operations", on the other.

### FINANCIAL INDICATORS AND METRICS

Indicator	Unit	2021	2020 <sup>1</sup>	2019
Gross written premiums	EUR million	45,507	41,109	39,494
Operating profit (EBIT)	EUR million	2,454	1,645	2,430
Group net income	EUR million	1,011	648	923
Return on equity <sup>2</sup>	%	9.6	6.3	9.8
Investments under own management	EUR million	136,073	128,301	122,638
Shares in free float	%	21.0	21.0	21.0
Gross written premiums (primary insurance) <sup>3</sup>	EUR million	19,758	17,912	18,410

<sup>1</sup> Adjusted in accordance with IAS 8, see the "Accounting policies" section of the Notes in the Annual Report 2021.

<sup>2</sup> Ratio of net income excluding non-controlling interests to average equity excluding non-controlling interests. Does not include figures for the Corporate Operations segment.

<sup>3</sup> Excluding the Corporate Operations segment and after elimination of intragroup cross-segment transactions.

The Talanx Group's primary insurance operations comprise three divisions: Industrial Lines, Retail Germany (which comprises the Property/Casualty Insurance and Life Insurance segments) and Retail International. Industrial Lines has a global presence via HDI Global SE and HDI Global Specialty SE, among others. The Retail Germany Division bundles the companies providing insurance offerings for retail customers and small and medium-sized companies in Germany. The Retail International Division focuses on the strategic core markets of Latin America and Central and Eastern Europe (including Turkey). The Reinsurance Division consists of the Property/Casualty Reinsurance and Life/Health Reinsurance segments. These are run by Hannover Rück SE.

The Corporate Operations segment includes Talanx AG, which primarily performs strategic functions. 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 the reinsurance broker Talanx Reinsurance Broker GmbH. Ampega Asset Management GmbH and Ampega Investment GmbH primarily provide support for the Group's investments and offer financial services, among other things. Ampega Real Estate GmbH was merged with Ampega Asset Management GmbH in 2021.

The Group's key brands include Talanx and HDI. The HDI brand is used by companies focusing on the industrial insurance and retail business in Germany and abroad. The Hannover Re Group, E+S Rück, Ampega, TARGO insurers, PB insurers, neue leben insurers and Lifestyle Protection should also be mentioned. Other important brands are WARTA and TU Europa in Poland and Magyar Posta in Hungary.

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 (BaFin); in some cases this business is directly written, while in others it takes the form of reinsurance. The companies focus on a number of areas. For details, please see [the Business model](#) (p. 36f.) section of the Group Annual Report.

Additional information on the divisions can be found in the [Group structure](#) (p. 38f.) section of the Group Annual Report 2021.

As a listed insurance group, the Talanx Group complies with national and international laws and does not distribute any products or services that are banned in certain markets. For example, the Group has established an ESG screening process for investments that is used as a basis for decisions to divest controversial holdings in a manner that does not disrupt the markets ([Climate-related and Environmental Matters in Asset Management](#)).

**TALANX AG'S DIVISIONS, PRODUCTS AND BRANDS**

TALANX AG					
INDUSTRIAL LINES DIVISION	RETAIL GERMANY DIVISION		RETAIL INTERNATIONAL DIVISION	REINSURANCE DIVISION	CORPORATE OPERATIONS
	PROPERTY/CASUALTY INSURANCE	LIFE INSURANCE		PROPERTY/CASUALTY REINSURANCE	LIFE/HEALTH REINSURANCE
HDI	HDI TARGO-VERSICHERUNG Schutz und Vorsorge PB Versicherungen Partner der Postbank neue leben Versicherungen LifeStyle Protection		HDI warta. EUROPA UBEZPIECZENIA Posta Biztosító	hannover re® e+s rück	ampega. Talanx Investment Group talanx. Versicherungen. Finanzen.



## Business Model and Strategy

### Business model and strategy

**GRI 102-1 | 102-7** The Talanx Group – whose parent company is Talanx AG, a listed financial and management holding company – employed roughly 24,000 people worldwide at the end of 2021. HDI V.a.G., a mutual insurance undertaking formed roughly 120 years ago, is the majority shareholder in Talanx AG with an interest of 78.94%. A total of 21.06% of the shares, including employee shares, are held in free float.

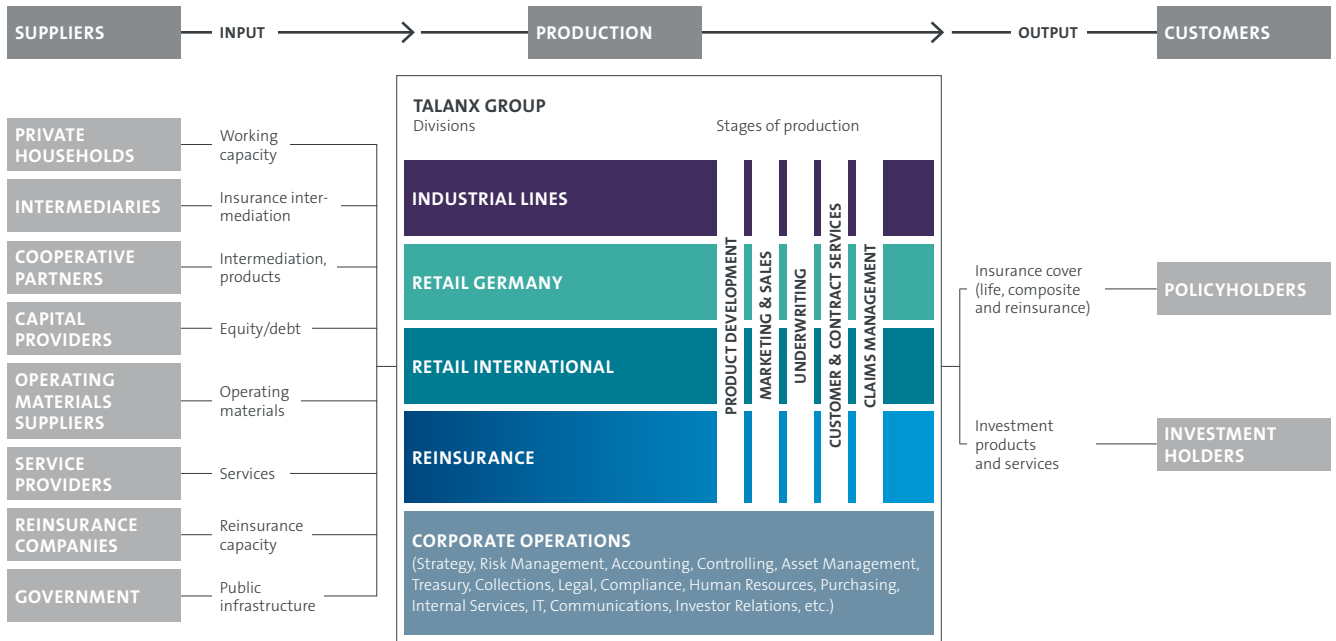
**GRI 102-4 | 102-9** The Talanx Group is a primary insurer and reinsurer that is active in the property/casualty and life insurance businesses in 150 countries around the world. Over its more than 100 years of history, the Group has evolved from a pure-play industrial liability insurer into a global insurance group with a focus on industrial and retail lines and on reinsurance.

For the Talanx Group, close collaboration with industrial partners and retail clients – some of whom have been with it for many years – is central to what it does, since this allows it to provide them with the best possible service. The Talanx Group optimises the interplay between primary insurance and reinsurance, which forms an integral component of its business model, with the aim of consistently enhancing the opportunity/risk profile and improving capital efficiency. In addition, the composition of the Group's portfolio ensures that sufficient independent risk capacity is available in all market phases to support clients reliably over the long term, and to systematically establish a presence in promising markets. Diversifying in this way boosts the Talanx Group's independence, minimises its exposure to risk and enables it to sustainably grow its success to the benefit of clients, investors and employees.

The Group parent is Talanx AG. This financial and management holding company ensures that the Group achieves its primary objective – sustainable, profitable growth leading to long-term value creation. This goal also forms the basis for all divisional strategies, which are derived from the Group strategy. The guiding organisational principle at the Talanx Group is to centralise Group management and service functions while delegating responsibility for earnings to the divisions, which perform their core processes independently.

The main core processes in Industrial Lines, which has an international focus, and in the reinsurance segments are product development, sales and underwriting, including technical supervision. The core processes in the retail segments comprise product development, rate setting, sales, product management and product marketing. The Corporate Operations segment is responsible for asset management, corporate development, risk management, human resources and other services, and for intragroup reinsurance of the primary insurance segments. The figure below shows the key elements of the Talanx Group's value chain in simplified form.

**THE TALANX GROUP'S VALUE CHAIN**



This organisational structure, which offers the individual divisions a high level of entrepreneurial freedom and gives them responsibility for profit and loss, is key to the Talanx Group's success, as it enables them to make the most of their growth and earnings opportunities.

The Talanx brand is focused on the capital markets, while the operational divisions have a multi-brand strategy that reflects their high level of national and international product expertise, forward-looking underwriting policy and strong sales organisation. As a result, the Talanx Group can cater optimally to the needs of different customer groups, regions and alliance partners. New companies and/or business areas can also be integrated efficiently into the Group. In addition, this structure creates a strong basis for entering into partnerships catering to an extremely wide range of partners and business models.

The Group's strategy is geared towards achieving ambitious and clearly defined growth and profitability targets by systematically enhancing its strengths ("strengthen") and focusing on areas for development ("develop").

The Group's strengths – and hence the basis for its success – are its strong entrepreneurial culture with its clear local responsibilities throughout the world, its focus on the B2B business area, which accounts for over 80% of the premiums, and the strong regional diversification of its business and product mix. In the medium term, the Talanx Group intends to expand the proportion of business that it generates abroad even further, to up to two-thirds of total primary insurance premiums. These strengths already make the Group "traditionally different" today.

Areas that the Group is systematically enhancing include optimising capital management in order to maximise the Group's financial flexibility while ensuring robust capitalisation levels at all times. There is

a strict rule that capital is only used to expand the business where strategic and profitability criteria are met. In addition, the Group pools its primary insurance operations' internal reinsurance requirements at the level of the holding company, so as to better leverage capital and diversification effects throughout its operations.

Another strategic development area is digital transformation – a key task in the coming years – which is being driven forward explicitly by the individual divisions within the Group. Here, too, the Talanx Group is adopting the "traditionally different" approach and accommodating heterogeneous local rules and regulations, and digital client behaviour patterns.

The Talanx Group continued refining the individual divisions' strategies and improving their focus. The Industrial Lines Division is concentrating on systematically enhancing the profitability of its business, on international growth and on growing its specialty insurance operations. The Group sees considerable growth potential for its industrial business abroad, and in particular in North America, Europe and selected emerging markets. One measure taken was the acquisition of the remaining 49.8% of the shares in HDI Global Specialty SE, which has simplified ownership structures in the specialty business and is designed to help scale up operations at a global level. After successfully completing its "KuRS" strategic optimisation programme, the Retail Germany Division has now developed a powerful growth strategy, "Go25", to follow. The new programme aims to achieve not only strong growth in the business with small and medium-sized enterprises (SMEs), but also and in particular additional cooperative agreements and organic growth in the area of bank partnerships. In the Retail International Division, the Group intends to continue its strong growth while further advancing diversification. The goal is to be a top five provider in each of the five core markets that have been defined in Latin America and Central and Eastern Europe. One way in which the Talanx Group is aiming to achieve this objective is through

profitable organic and non-organic growth. The Reinsurance Division is concentrating on further expanding its existing strengths, particularly in the areas of competitiveness and profitability. Key issues here are consistently leveraging diversification advantages and the continued expansion of its integrated and innovative reinsurance offerings. In addition, as the long-term majority shareholder in Hannover Rück SE, Talanx's goal is to consolidate and selectively expand the latter's position as a global player.

As an international insurance group and long-term investor, the Talanx Group has long been committed to ensuring responsible corporate governance designed to ensure sustainable value creation. In line with this, the Group's strategy is flanked by a focused approach to sustainability. This is based on the targeted implementation of ESG (environmental, social and governance) aspects in the areas of investment, underwriting and operations, and in the Group's corporate social responsibility (CSR) activities.

The Group underlines its strategic sustainability credentials by focusing on incorporating internationally recognised frameworks, initiatives and (reporting) standards. Its sustainability focus is adjusted repeatedly over time to reflect new insights, legal conditions and changes in social perceptions that need to be accommodated.

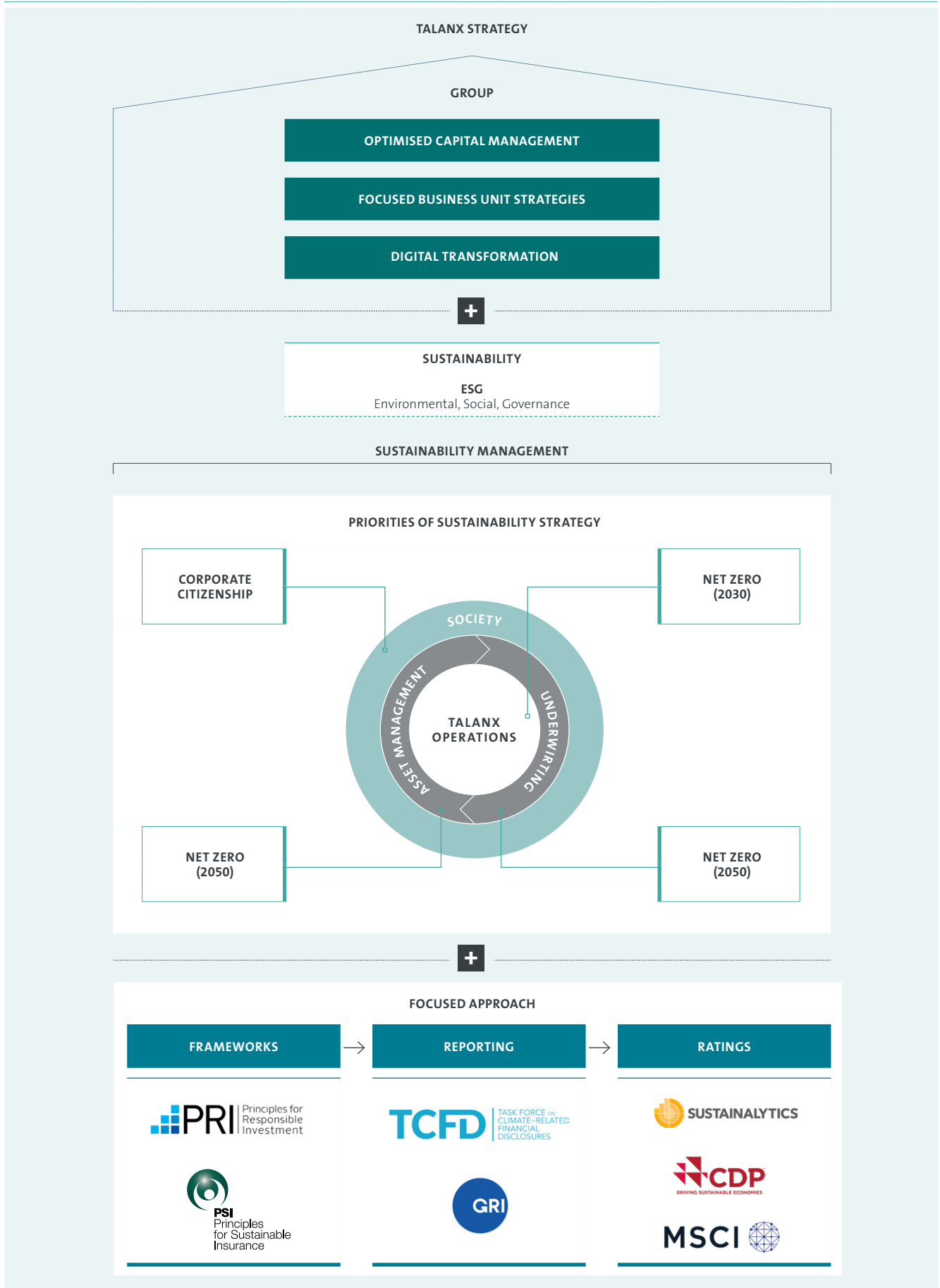
**TCFD** The strategic measures that the Talanx Group announced in November 2021 have further enhanced its sustainability strategy and hence made sustainability an even more integral part of its business model. Above and beyond its existing net zero target for global operations, which it aims to achieve by 2030 at the latest, the Group intends to achieve net zero emissions in its underwriting and investment activities by 2050, in line with the goals of the Paris Agreement on climate change. In addition, it has lifted its target sustainable investment volume from the previous figure of EUR 5 billion to EUR 8 billion by 2025.

What is more, the Talanx Group published a Green Bond Framework in the reporting period and successfully placed its first green bond, which had a volume of roughly EUR 500 million, on the market. The bond's objective is to invest an amount equivalent to the proceeds generated in sustainable projects such as renewable energy and green buildings. In other words, the Green Bond Framework now also systematically links the Group's sustainability strategy to its financing strategy.

**TCFD** A comprehensive scenario analysis focusing on the impacts of climate change was used to identify risks and opportunities over different time frames. The Talanx Group has identified growth opportunities in three areas. Particular growth opportunities result from the growing need for insurance against climate risks, such as agricultural insurance and insurance against extreme weather events. Additional opportunities are offered by growth in specific sectors such as renewable energy and the circular economy. Clients are also expected to need more advice and consulting services when it comes to climate risk analysis and appropriate preventive measures. The Talanx Group is already well placed to take advantage of all these growth opportunities and aims to extend its position even further. The main risks relate to an increase in extreme weather events and new loss events such as legal action on climate-related issues.

All in all, the Talanx Group's sustainability strategy aligns environmental and social challenges with each other in order to ensure the Group's long-term economic success.

SUSTAINABILITY APPROACH SUPPORTS THE TALANX GROUP'S STRATEGY





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## Policies

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# Policies

## Governance model

The Group's corporate governance policy plays a key role in ensuring responsible corporate management based on sustainable value creation, and the efficient implementation of the sustainability strategy required for this. The Talanx Group's corporate governance policy and the dedicated sustainability governance structures are therefore described in detail in the [Corporate governance](#) section of this sustainability report. In addition, specific governance information on how non-financial reporting topics are handled can be found in the relevant sections of this report.

## Risk management

[TCFD](#) Risk handling is a material and integral part of insurers' business models. In line with this, the Talanx Group considers risk management to be a core competency that is reflected in an adequate and effective risk management system. KPIs and risk surveys are used to identify risks throughout the Group and cross-divisional risks are dealt with by including the relevant divisions and experts. The results are compared with the Group's customised, comprehensive risk categorisation system, which is used as the basis for risk identification, so as to ensure that the Group has identified all relevant risks.

[GRI 102-11](#) In addition to the risks and opportunities arising from external developments affecting the business (the "outside-in" perspective), the Talanx Group's business activities also impact the environment and society (the "inside-out" perspective). In turn, this could have direct or indirect effects on the Group's risk position and financial position. The United Nations' 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 both from the description of risk management below and in other places in this report:

- Net zero targets have been set for [investment](#) and [underwriting](#) so as to address environmental impacts.
- Overall, the environmental impacts associated with the production of insurance cover are lower than those of production processes in other sectors. At the same time, the Talanx Group has set itself a net zero target for operations, so as to minimise the negative impacts of its business activities ([Climate and environmental protection in the enterprise](#)).
- The section entitled [Responsibility to customers](#) reports on the information provided to the Talanx Group's customers.
- The Group-wide Code of Conduct ([Human rights and supply chain](#)) and the Code of Conduct for Business Partners ([Supplier management](#)) continue to apply.
- Moreover, the Talanx Group and the companies belonging to it are networked through their memberships of associations ([About this report](#)).

[GRI 201-2](#) | [TCFD](#) Non-financial and ESG risks are explicitly identified during the risk inventory and other focused risk surveys such as the emerging risks process ([Risk report](#), p. 102ff.). They are assessed in relation to other risks and by analysing cause and effect mechanisms along the entire value chain. To ensure adequate risk management, there is a requirement that appropriate measures be defined to deal with risks as soon as these have been identified. At the same time, the opportunities associated with risks are also identified, so as to be able to exploit these early on and to reduce the risks themselves. The Group uses the results of the expanded risk inventory process as the basis for developing additional risk analyses, scenarios and stress tests.

Environmental, social and governance risks (ESG risks) are not a separate risk category; rather, they can emerge in all known financial and non-financial risk types, or can influence existing risks. This applies to underwriting, investment, and to operational, strategic and reputational risks alike. For example, the value of assets may decline as a result of climate change, while failure to comply with social standards may lead to significant reputational damage. This is why the Talanx Group takes ESG risks into account across the entire risk management process, as part of an integral, end-to-end approach.

This comprises the identification, assessment, management and reporting of risks, plus modifications to business and risk strategies. The Solvency II-compliant enterprise risk management system is based on the ISO 31000 standard.

The Talanx Group is successively expanding the methods it uses to measure and model ESG risks from both a qualitative and a quantitative perspective. One key tool here is the internal risk capital model, which is used among other things to assess natural disaster events for the coming year both at Group level and at the level of the individual subsidiaries. The inputs for some of the model's components can be adapted depending on ESG risk factors. In addition, given the high level of uncertainty and the limited data available on ESG risks, the Talanx Group explicitly addresses model and change risks using sensitivity analyses, among other things. It also uses specific scenario analyses and expert assessments for operational risks in particular.

**GRI 102-30 | TCFD** Climate change plays a particularly prominent role in the large universe of environmental topics. The Talanx Group uses potential stress scenarios to address this in its forward-looking assessment of its solvency and risk position. This climate change scenario analysis comprises analyses of the business model's exposure and resilience to climate change risks and takes potential short-, medium- and long-term impacts into account. As part of this, the Talanx Group examines all potential types of risks associated with climate change: physical and transition risks, and liability/legal risks. The Group uses forecast data for this, with 2035 being taken as the reference point for transition risks, and 2050–2080 as the reference period for physical risks. Uncertainties regarding the timing and extent of future developments are accommodated by looking at a number of different, internally consistent scenarios, including two transition scenarios in which global warming remains below 2°C and a “business as usual” scenario in which it exceeds this figure. The Talanx Group uses a narrative-qualitative approach to identifying risk factors and analysing their materiality, which allows causalities and feedback effects to be depicted and the impacts on balance sheet items and risk categories to be expressed depending on the scenario and timing involved. It also relies on science-based findings and data from well-known research institutions and initiatives such as the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). The findings of the scenario analysis are included in climate risk management. The results are discussed by the Board of Management and included in the reports submitted to the Supervisory Board. This applies in particular to the findings of the multifaceted qualitative analyses, which are used to inform further development of the risk management and control instruments used in underwriting, investment and operations. The Talanx Group uses a variety of formats to promote best practice sharing internally across divisions and markets. In addition, it shares information with the industry, the supervisory authorities and the academic community through its partnerships and memberships.

The opportunities and risks associated with climate change are monitored across a number of different dimensions of corporate activity. The transition to a low-carbon economy and associated measures such as an increase in carbon prices and/or a reduction in emission rights, plus regulating energy efficiency could decrease the market price of investments in carbon-intensive sectors and of government bonds issued by countries that are economically highly dependent on these and on fossil fuels. In addition, abrupt decarbonisation could lead to macroeconomic turbulence. A rise in the intensity and frequency of extreme weather events could increase risk premiums and lead to rating downgrades for sovereign and municipal bonds in highly exposed countries or regions and other assets (such as real estate and infrastructure). Greater macroeconomic uncertainty could result in increased risk aversion and financial market volatility. As regards underwriting, the impact of climate change could lead to an increase in the intensity and frequency of natural hazards. The Talanx Group can react to this by continuously adapting its models and pricing on the basis of observed and assumed developments. At the same time, new types of loss and damage patterns could arise in other areas. The Group is supporting its customers as they adapt their risk management and prevention measures and see this area of consulting as offering business opportunities. New liability risks could arise for customers as a result of new legal rulings relating to climate change. Here, too, the Talanx Group offers advice and examines the impact on its portfolio.

As part of the emerging risks process, the Talanx Group analyses not only climate change but also other risks relating to ESG topics and how these interact with additional social trends such as urbanisation, shifts in values, health, mobility and demographic developments. For example, the Group is examining the risks and opportunities associated with medical advances, and see conflicting trends in this area. Certain social groups in highly developed countries are increasingly looking to optimise their own state of health, up to and including biohacking and its associated risks. At the same time, a clear increase in the risks resulting from unhealthy lifestyles such as obesity can be observed.

ESG risk reporting is primarily performed as part of the annual Own Risk and Solvency Assessment (ORSA), which is approved by the Board of Management and made available to the supervisory authority. In addition, the Talanx Group provides information on climate-related risks and opportunities as prescribed by the Task Force on Climate-related Financial Disclosures (TCFD).

## Materiality analysis

**GRI 102-46** The Talanx Group uses its annual materiality process to identify, assess and review its key sustainability topics. External stakeholders’ expectations and the relevance of the non-financial topics to the Group’s business are taken into account when assessing materiality. Constant stakeholder contact plays an important role in enhancing the Talanx Group’s sustainability strategy. In line with this, the Talanx Group’s material aspects are determined using a comprehensive materiality analysis that is closely aligned with the Group’s strategy process and that includes a broad-based stakeholder survey.

The last full materiality analysis was performed in 2018. Additional information about the process can be found in the [Sustainability Report 2020](#), among other places.

**GRI 102-43** As is the case with the Group’s four-year strategy cycle, the materiality analysis is reviewed for currency and enhanced every year until the time comes for it to be performed again. The results are discussed by the Board of Management and implemented as part of the sustainability strategy. A variety of processes have been introduced to ensure that both internal and external viewpoints are included. These include the expert discussions that take place in the Sustainability Network ([ESG governance](#)), in which proven specialists provide an internal take on these issues from the perspective of the investment, underwriting and operational areas. The external outlook is included by performing sustainability-driven market and competitor analyses. Additional input comes from regulatory and statutory requirements and from regular contacts with ESG rating agencies.

**GRI 102-47 | 102-49** This year’s review of the materiality analysis established that the material non-financial topics that had been defined remain highly relevant. In line with this, the following aspects revealed by the materiality assessment continue to be particularly important for the Talanx Group: climate change, compliance, data protection and cybersecurity, responsibility to customers, ESG in asset management, employee recruitment and development, human rights, ESG in underwriting and Talanx as an employer.

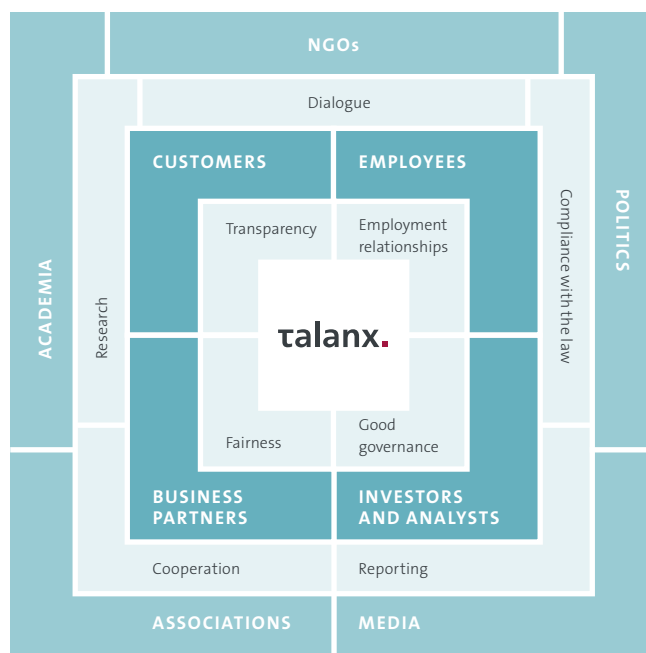
**GRI 102-44** In addition to these material topics, the Talanx Group voluntarily included other relevant issues in the sustainability report, as in the previous year, so as to be able to report on topics that are relevant to stakeholders. This year – in addition to the topics of digital transformation, supplier management, tax compliance and environmental protection in the enterprise – these were diversity and corporate citizenship.

**GRI 102-48** However, the topics’ relative priorities changed year-on-year: for example, there was a particular shift towards climate-related and social matters, which is reflected in the revised materiality matrix.

This development is reflected in the new structure for this sustainability report which is based on the ESG criteria that are becoming more and more important to regulators and the capital markets, and which hence transparently mirrors the Talanx Group’s blueprint for action and the concrete measures it is taking regarding these groups of topics. In addition, the structure already reflects the ESG structure proposed in the EFRAG draft on materiality analysis. Transposing the material non-financial topics to the ESG structure also allows the groups of topics to be broken down systematically in greater detail. For example, dedicated information on the topic of ESG in asset management is now provided in both the “Climate-related and Environmental Matters” and “Social Matters” chapters. In addition, the new structure permits a summary of the special, overriding importance to the Group of the topic of climate change to be given in the “Climate-related and Environmental Matters” chapter.

**GRI 102-40**




### THE TALANX GROUP’S STAKEHOLDERS




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**MAPPING THE NEW REPORTING STRUCTURE TO THE NON-FINANCIAL ASPECTS AND MATERIAL TOPICS**

	Report structure	Non-financial aspects	Material topics
 <b>Environmental</b>	Climate-related and environmental matters	Environmental matters	Climate change ESG in asset management ESG in underwriting Environmental protection in the enterprise
 <b>Social</b>	Social matters	Social matters	ESG in asset management ESG in underwriting Responsibility to customers Corporate citizenship
		Employee matters	Talanx as an employer Employee recruitment and development Diversity
		Respect for human rights	ESG in asset management ESG in underwriting Human rights
 <b>Governance</b>	Governance	Anti-corruption and bribery matters	Compliance Data protection Cybersecurity Digital transformation Supplier management

The next regular full materiality analysis is scheduled for financial year 2022.

**GRI 102-42** The Group regularly engages in discussions with its stakeholder groups above and beyond the dialogue that takes place in the course of the annual review of the material topics. The extent to which additional stakeholder groups can be included is constantly reviewed. Key issues taken into account here include the Group’s international nature and ensuring a balanced range of opinions. Regular surveys are used to obtain feedback from customers ([Responsibility to customers](#)) and employees ([Talanx as an employer](#)). The Group uses its memberships of a range of associations and organisations ([About this report](#)) to engage in a dialogue with other market participants, NGOs and stakeholder groups at national and international level. The funding given to academic projects facilitates dialogue with the research and academic communities. As specifically regards investors and analysts who are interested in sustainability, the Talanx Group participates e.g. in a variety of ESG rating processes such as those offered by CDP, MSCI and Sustainalytics (detailed information on the [Group’s ratings and their results](#) is available on Talanx’s website). The results of these different stakeholder dialogues are analysed at regular intervals and integrated with the sustainability strategy.

## OVERVIEW OF MATERIAL AND VOLUNTARY TOPICS

Management approaches, material topics and voluntary topics	Especially important for			Delimitation of impacts within the Group	Delimitation of impacts outside the Group
	Customers/ partners	Investors	Employees		
Climate-related and environmental matters in asset management	X	X	X	Asset management, investment	Capital market participants, countries/ regions in which investments are made, infrastructure users
Climate-related and environmental matters in underwriting	X	X	X	All divisions (esp. Product Development, Sales)	Customers, intermediaries
Social matters in asset management and underwriting	X	X	X	All divisions (esp. Product Development, Sales), Asset Management, Investment	Customers, intermediaries, capital market participants, countries/regions in which investments are made, infrastructure users
Talanx as an employer	X	X	X	Group, esp. Human Resources Management and employees	(Potential) applicants, customers, business partners
Employee recruitment and development	X	X	X	Group, esp. Human Resources Management and employees	(Potential) applicants, customers, business partners
Responsibility to customers	X	X	X	Group, esp. Product Development, Underwriting, Sales	Customers, intermediaries
Human rights and supply chain	X	X	X	Esp. Purchasing	Suppliers
Data protection and cybersecurity	X	X	X	Group	Esp. customers, business partners, suppliers
Compliance, esp. anti-corruption and bribery matters	X	X	X	Group	Customers, business partners, suppliers
Supplier management	X	X	X	Esp. Purchasing	Suppliers
<b>Topics reported voluntarily</b>					
Climate and environmental protection in the enterprise	X		X	Group, esp. Purchasing, Internal Services	Suppliers
Diversity	X	X	X	Group	(Potential) applicants, customers, business partners
Digital transformation	X	X	X	Group, Purchasing, Internal Services	Customers, business partners, suppliers
Corporate citizenship	X		X	Group	Charitable initiatives/organisations, local area
Tax compliance and transparency	X	X	X	Group	Customers, business partners, suppliers



- Talanx sets itself the goal of achieving net zero emissions in its underwriting and asset management activities by 2050
- Initial Taxonomy reporting by the Talanx Group
- Talanx cuts total emissions by 18% year-on-year<sup>1</sup>

## Climate-related and Environmental Matters

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<sup>1</sup> Adjustments to the figures reported for the previous year are due to updates to historical data and methodological adjustments (made to accommodate the effects of the coronavirus pandemic, among other things).



# Climate-related and Environmental Matters

## Climate-related and environmental matters in asset management

Total investments by the Talanx Group amounted to approximately EUR 148 billion as at the end of the 2021 financial year. Of this figure, 80% was invested in fixed-income securities as at 31 December 2021, while equities accounted for 1%. Roughly 4.5% was invested in real estate. The remainder is attributable to asset classes such as private equity and infrastructure, and to short-term investments, funds withheld by ceding companies and investment contracts.

**GRI 103-1 | 103-2** The materiality analysis revealed that ESG aspects are a material factor in the Talanx Group's investment decisions. Investors, analysts and customers in particular are becoming more and more interested in how the Talanx Group takes environmental and social issues into account in its asset management activities. Consequently, investment decisions are highly relevant for both stakeholders and the business, and significant environmental, economic and social impacts can be identified ([Materiality analysis](#)). The Group has set out its goal of embedding ESG aspects in its asset management activities in its [Sustainability Commitment](#). Therefore, the sustainability strategy for asset management aims to generate long-term capital growth on the basis of a broadly diversified, actively managed securities portfolio, while putting a particular focus on ESG criteria. For example, "stranded assets" – i.e. assets whose income-generating capacity or market price could plummet unexpectedly – could negatively impact the fair value of the investments. When making investment decisions, the Talanx Group aims on the one hand to prevent such potential negative impacts by avoiding investments in unsustainable issuers. On the other hand, the Group also aims to promote positive impacts on society and the environment. The basic principle is that sustainable development can only be achieved if environmental, economic and social objectives can be implemented simultaneously.

A Group-wide ESG screening process has been developed and implemented to facilitate this. ESG screening is performed every six months. In the course of this process, the Talanx Group's investments under own management are communicated to a service provider and evaluated, to the extent that information on them exists.

**GRI 103-3** The Responsible Investment Committee (RIC) defines and regularly reviews the filter criteria used for screening, and makes individual recommendations on whether to retain or divest investments. Any recommendation to divest holdings that do not comply with the screening criteria should generally be implemented by the end of the year it is made. The recommendations by the committee therefore serve as the basis for the consistent implementation of the Group-wide Sustainable Asset Management Guidelines. The RIC is chaired by Talanx AG's CFO; other members are the CFOs of the divisions, the Head of Asset Management, the Head of Group Strategy and Sustainability, and Ampega Asset Management's team of managing directors. The RIC met twice in 2021, as in the previous year. Where no obstacles to sale existed, the positions identified were liquidated by the end of the year.

Compliance with the UN Global Compact is one of the key filter criteria specified. In addition to the environmental and climate-related criteria anchored in the Compact, the Talanx Group has systematically expanded its filter catalogue to exclude thermal coal. Consequently, the Talanx Group no longer invests in companies that derive more than 25% of their revenue or generate more than 25% of their power from thermal coal. In line with the Talanx Group's official sustainability strategy, which sets out the Group goal of exiting thermal coal entirely by 2038, the duration of existing investments in the investment area has also been limited to that year. Similarly, exclusions for oil and tar sands, which are damaging to the climate and the environment, were also added to the filter catalogue. The Limit Control function checks whether securities issuers infringe the ESG screening criteria before new securities purchases are made. In addition, external evaluations provide relevant feedback for assessing specific financial products.

Negative screening criteria for illiquid asset classes (such as infrastructure investments and real estate) were also defined as part of the selection process. These explicitly take both classic criteria relating to the risk/return profile and sustainability aspects into account. No investments may be made in nuclear power projects, projects involving animals (e.g. zoos and safari parks), assets involving significant levels of environmental pollution or assets associated with controversial business models (e.g. gambling).

**TCFD** In the case of direct real estate investments made by the Talanx Group, the aim is to acquire properties that have been certified under sustainability schemes such as the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB), Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Methodology (BREEAM) programmes. Such certification schemes assess the environmental, economic, health and well-being and functional aspects of properties, among other things. In addition, ESG due diligence is performed as part of acquisition due diligence; this provides information on properties’ potential ESG risks and influences investment decisions.

What is more, since the ESG Circle of Real Estate (ECORE) was formed Ampega has been helping to develop a sustainability standard for the sector in Germany.

In parallel to its classic screening/exclusion-based approach, the Talanx Group aims to continuously enhance its sustainability approach. In line with this, the focus in 2021 was on developing a medium- and long-term climate strategy, especially in relation to the carbon footprint for the Group’s investment portfolio. To achieve this, the investment portfolio’s carbon footprint was calculated for the first time in 2020. The focus was on the carbon intensity of the Talanx Group’s liquid assets under own management in the equities and fixed-income areas (corporate bonds and covered bonds). The Talanx Group’s short- and medium-term goal is to achieve a 30% reduction in the carbon intensity of its liquid portfolio compared to the beginning of 2020 by 2025. This corresponds to a reduction in its carbon intensity of roughly 7% per annum and makes an important contribution to developing a long-term path towards the Group’s goal of net zero emissions by 2050.

A company’s carbon intensity is calculated using its Scope 1 and Scope 2 emissions, measured in metric tons of CO<sub>2</sub>, standardised by revenue per million USD for a financial year. The portfolio intensity is the market-weighted aggregation of the intensity of the individual portfolio components. Consequently, a carbon intensity figure can be calculated for each division. To ensure the targets for the individual divisions remain constant, the intensity of the Talanx portfolio is

## Talanx issues first green bonds

Green bonds are fixed-income financial instruments that are used to finance projects that make a positive contribution to sustainability. Talanx deployed this investment format in its asset management activities for the first time at the end of 2021. To do this, the Group issued a green bond with a volume of roughly EUR 500 million. In this context, Talanx published a Green Bond Framework that sets out the general conditions for financing and refinancing sustainable projects at Talanx.

The green bond is an important component of Talanx’s ambitious sustainability strategy. The funds raised from it are being used to finance and refinance green projects in the areas of renewable energy generation, plus low-energy residential and commercial real estate involving lower carbon emissions. The green bond will make a major contribution to the Group achieving its goals in the asset management area.

The bond has a term running until 2032 and has been awarded an “A–” rating by S&P Global Ratings. In addition, Sustainalytics has confirmed that Talanx’s green bond is compatible with both the Green Bond Principles issued by the International Capital Market Association (ICMA) and the EU Taxonomy.

 <https://difference-mag.com/en/article/turning-the-big-wheel.html>

Our green bond is another key step towards achieving our net zero target in our asset management activities by 2050.



■ Dr Jan Wicke,  
 Talanx AG’s Chief Financial Officer.



Talanx is one of the largest German investors in wind farms.



measured at all times using the market value weightings for the segments as of the starting date (31 December 2019); this prevents changes relating solely to the fair value of the individual divisional portfolios affecting how their carbon intensity is managed.

In addition, the portfolio managers are provided with data on, in particular, issuers and sectors with extremely high carbon intensities so that the impact of individual investment decisions can always be taken into account, even in the case of additional purchases.

Integration of carbon intensity, like other ESG factors, with the other investment processes was also stepped up overall in the course of 2021. The fact that there are material differences in some cases between the investment universes in the individual divisions needs to be taken into account in this context. The aim is to achieve a balance between the climate goals and specific regional and regulatory requirements, so as to do justice to all of the Group’s stakeholders.

In the medium term, the Group is also aiming to measure and reduce carbon emissions for other asset classes, including illiquid ones. For example, energy, water and waste data for the portfolio of directly held properties are evaluated yearly so as to determine the carbon emissions, and measures to cut carbon emissions are then derived from this. The fact that green electricity is sourced in almost all cases for building owners’ power supplies ensures sustainable energy supplies are used for the directly held property portfolio.

**GRI 203-1** In addition to reducing the carbon intensity of its investment portfolio, the Talanx Group is increasingly focusing on investments that are designed to combat climate change, and especially on investments in sustainable infrastructure projects. The Group has systematically built up expertise in this area in recent years and uses a specialised unit to invest directly in selected projects, supplying both equity and debt. Among other things, the infrastructure portfolio includes investments in wind and solar farms, power grids and transportation infrastructure projects in Germany and the rest of Europe. The Talanx Group is now one of Germany’s largest wind farm investors; it operates 21 such projects, three of which are located off-

shore. As at the end of financial year 2021, the Talanx Group had invested a total of approximately EUR 3.7 billion directly in infrastructure projects, with roughly EUR 2 billion of this figure being attributable to renewable energy sources.

In 2021, the Talanx Group developed an investment framework that sets out an explicit classification for investments. These include:

1. Green/social/sustainable bonds certified according to the relevant ICMA (International Capital Market Association) standard.
2. Sustainable real estate with at least a gold Leadership in Energy and Environmental Design (LEED) or Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) certificate, plus real estate funds with at least a four-star GRESB (Global Real Estate Sustainability Benchmark) rating.
3. Infrastructure projects are classed as sustainable if they relate to renewable energy or climate-friendly public transport, or if they are social infrastructure projects (e.g. hospitals or social housing). In addition, dedicated renewable energy funds are classified as sustainable.
4. Impact investments with a directly measurable positive impact on the environment (e.g. investments in forest projects).

The planned sustainable investment volume for the Group of EUR 8 billion underscores its ambitions in this area.

The Talanx Group has also integrated sustainability factors in its engagement process, influencing its investees’ focus and how they are managed so as to reduce their principal adverse impacts on the sustainability factors and to enhance sustainability ([Ampega Engagement Policy](#)).

**PROGRESS MADE WITH ESG IN INVESTMENT**

Key objectives and measures	2021	2020	2019
Reduce carbon intensity (Scope 1 and 2) by 30% compared to 2019 baseline by 2025	-15%	-11%	0
Expand sustainable investments to EUR 8 billion by 2025	EUR 7.2 billion	-	-
Active engagements with issuers	36	-	-

The European Commission has now also put the topics of climate and environmental protection, and sustainability at the heart of its activities by introducing its Green Deal, and has resolved far-reaching measures to achieve climate neutrality in the period up to 2050.

While the rules for sustainable finance that are being drawn up are initially designed to align financing activities with climate and environmental policy goals, additional sustainability goals are to follow. At the heart of the legislation is the Taxonomy Regulation – an assessment scheme in which the Commission provides binding technical details of which economic activities are considered sustainable. In other words, the Taxonomy Regulation creates transparency as to

**15%**

**REDUCTION IN CARBON INTENSITY IN 2021 COMPARED TO 2019 BASELINE.**

Target: 30% reduction in Scope 1 & 2 compared to 2019 baseline by 2025.

whether a particular economic activity makes a positive contribution to the EU's defined sustainability goals. In line with this, the EU Taxonomy is also a key transparency criterion for the sustainability of the Talanx Group's investments.

Therefore, the Group is reporting its taxonomy-eligible investments for the first time in financial year 2021, i.e. the extent to which the Group is invested in economic activities that are currently covered by the Taxonomy.

In this context, the Talanx Group focuses on the investments reported on its balance sheet, less the technical item "funds withheld by ceding companies" and plus "investments for the benefit of life insurance policyholders who bear the investment risk", even though the investment decisions for this last item lie with the policyholders. The Taxonomy does not cover government bonds (including regional governments and local authorities), derivatives and investments in enterprises that are not required under EU law to publish non-financial information. As a result, these items have not been included in the "taxonomy-eligible investments" KPI but have been disclosed separately instead. In addition, the government bonds item is deducted from the reference base for the KPIs as required by the Taxonomy Regulation.

For financial year 2021, the review of investments' taxonomy eligibility was limited to the investment property, mortgage loans and direct investments in infrastructure projects investment items, due to a lack of available data. An overview of the relevant Taxonomy KPIs is given in the table below.

#### TAXONOMY METRICS IN ASSET MANAGEMENT

	2021	2020	2019
Proportion of taxonomy-eligible investments (taxonomy-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	7.8%	–	–
Proportion of taxonomy-non-eligible investments (taxonomy-non-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	33.2%	–	–
Proportion of derivatives (total derivatives/(total assets for the Taxonomy KPIs – government bonds)) * 100	0.3%	–	–
Proportion of ineligible entities pursuant to the NFRD (investments in entities that are not covered by NFRD reporting requirements/(total assets for the Taxonomy KPIs – government bonds)) * 100	58.7%	–	–
Proportion of government bonds (government bonds/total assets for the Taxonomy KPIs) * 100	20.8%	–	–

The review of Taxonomy compliance, i.e. the extent to which the technical assessment criteria set out in the Taxonomy are met during investment, will not take place until financial year 2023, in keeping with the staggered introduction of the Taxonomy Regulation. The Talanx Group expects to successively increase its KPI for investments that are taxonomy-eligible and, from 2024 onwards, taxonomy-compliant over time. This expectation is based primarily on the systematic implementation of its strategic measures, plus the expansion of the environmental objectives considered, an improved data pool and the inclusion of additional economic activities.

## Climate-related and environmental matters in underwriting

**GR1 103-1 | 103-2 | 203-2** The Talanx Group is aware that its insurance services can have indirect environmental and economic impacts on sustainable development, which is why it is systematically expanding its ESG approach in its underwriting activities as well ([Sustainability Commitment](#)). The Group signed up to the UN Principles for Sustainable Insurance (PSI) in May 2020, committing itself to continuously improving the sustainability of its insurance business in line with the initiative's four Principles. In other words, it intends to work together with customers and business partners to raise awareness of sustainability, manage risks and develop appropriate solutions.

One thing that it has done in this area is to introduce underwriting restrictions to combat coal risks throughout the Group, mirroring the policy adopted in the investment area. Since coal can only be phased out responsibly in the medium to long term, the Group's aim is to have removed all thermal coal infrastructure from its insurance portfolio by 2038. Thermal coal infrastructure comprises mines, coal-fired power plants, and port and rail operations that are attributable solely to the coal industry and whose share of revenue exceeds 30%. The Group stopped insuring newly planned thermal coal infrastructure in April 2019. This represents a direct contribution to reducing the expansion of the coal sector. Thanks to this approach, the Talanx Group has already succeeded in reducing the number of coal risks in its insurance portfolio by 20% compared to 2018. However, in those countries in which coal plays a particularly large role in the energy mix and where access to alternative energy sources is insufficient, the Group will permit a limited number of exceptions for insurance cover in individual cases, after reviewing the technical standards.

#### REDUCTION IN COAL RISKS IN UNDERWRITING

Key objectives and measures	2021	2020	2019
Thermal coal infrastructure risk portfolio	85.1%	96.3%	100%
Reduction compared to 2019 baseline	(–14.9 ppts.)	(–3.7 ppts.)	–

In addition to its restrictive underwriting policy for thermal coal infrastructure, the Talanx Group is also focusing increasingly on unconventional oil and gas extraction. At present, the Group is concentrating on oil and tar sands, which are particularly bad for the environment, and will have reduced its risks to zero by 2038. It is monitoring other fossil fuel sectors continuously and constantly adapting its underwriting guidelines in line with the risks involved.

**GRI 103-3** The Responsible Underwriting Committee (RUC) determines the screening criteria to be adopted and regularly reviews the underwriting policy. The RUC's voting members are the members of Talanx AG's Board of Management. A decentralised approach is taken to incorporating the results in the underwriting guidelines, with the work being performed by the individual business areas and risk takers concerned.

ESG aspects are included in the guidelines for all types of transition risks for existing customers, as well as for refusing policy applications and for terminating existing business relationships. In addition to specific exclusions, the Talanx Group is concentrating on targeted reviews of potential ESG risks by the specialist departments in the business areas. These processes specifically identify and assess ESG risks in the course of the underwriting procedure. The range of options available covers everything from declining the risk to underwriting it, possibly in conjunction with exposure-specific or risk mitigation measures. The Talanx Group monitors the ESG risks for its customers and/or insurance products for the duration of the financial relationship.

The Talanx Group committed to implementing to the Paris Agreement on climate change and, in line with this, in 2021 adopted a net zero emissions target for its insurance portfolio by 2050. In other words, the goal is for the portfolio not to generate any net emissions any more by 2050. This is another way in which the Talanx Group is actively contributing to climate protection.

In the longer term, the aim is to also use the net zero target as one of the criteria for managing the insurance portfolio. The methodology needed to capture the relevant data in the insurance industry is still currently being developed. Consequently, the same also applies to the details of the KPIs to be used. A suitable methodology is slated for development in financial year 2022; this will allow the insurance portfolio to be managed in terms of its carbon emissions from financial year 2023 onwards. This means that, in the immediate future, the underwriting management approach will continue to be based primarily on exclusions or underwriting limits for certain risks.

As a leading industrial insurance and reinsurance group, the Talanx Group aims to act as a partner for businesses here, and to support them in their sustainable transition to a low-carbon economy through constructive yet critical dialogue.

**TCFD** The sustainable transition to a green economy will be driven by innovation. Engineering insurance deals all the time with new, environmentally friendly technologies and their insurability. The Talanx Group assists here by transferring the risk of property damage or loss of earnings, among other things, hence facilitating the launch of the innovations concerned. Talanx is already one of the most important renewable energy (re)insurers. Its insurance portfolio comprises (on-shore and offshore) wind power, photovoltaics, geothermal energy, hydroelectric power and biomass. The Talanx Group insures both traditional generation methods and innovations such as floating wind farms or floating photovoltaic plants.

In addition, the Talanx Group supports heavy industry customers in their sustainable transition process by facilitating their switch to green hydrogen. Deploying green hydrogen can cut carbon emissions in the steel industry by 95%. The Talanx Group provides customers with corresponding cover for specific transition risks.

The Group is also active at a political level in order to drive forward the increased use of hydrogen. In Poland, it is partnering with the Ministry of Climate and Environment to analyse and assess the hydrogen industry's expectations of the insurance industry and the products that it needs. These analyses will then be used as the basis for developing appropriate insurance products for the Polish market. This approach underscores how the Group sees itself as actively assisting and partnering in the transition process.

**TCFD** The Talanx Group is facilitating the transition to sustainable transport by providing risk cover. For example, electric battery fires represent a major risk for the Group's customers. Among other things, there were numerous large losses associated with fires in bus depots last year. The Talanx Group offers special insurance for these facilities. By transferring risk in this way, the Group is laying the groundwork for expanding the necessary infrastructure.

Additionally, some fleet business in the motor vehicle area is based on the use of telematics, which can be deployed to reward ecologically friendly and safe driving. The Talanx Group also offers driving training classes for customers. Equally, safety engineers offer fleet consulting and risk management services that go beyond the insurance business itself, and that also take sustainability criteria into account.

What is more, the Talanx Group's industrial clients have access to more than 180 engineers and specialists that also offer consulting services on how to mitigate the effects of climate change, such as flood events. The range of services available covers everything from risk, vulnerability and loss of earnings analyses down to contingency planning.

This means that the Talanx Group is well positioned to successfully support structural change in the economy by supplying suitable risk transfer products and supplementary risk analyses.

Above and beyond this, the Group is aiming to anchor sustainability aspects more strongly right across the product offerings in its German and international retail and commercial clients business, and to consistently optimise its products' impact on sustainability.

As regards retirement provision, the Talanx Group has developed a digital fund guide for retail customers that enables them to identify sustainable funds. Based on a few short questions, the guide allows them to select the funds that are right for them while also taking sustainability issues into account. As a result, customers have the option to solely select sustainable funds. "CleverInvest", the unit-linked annuity insurance product, offers customers a choice of up to 42 sustainable funds. The Talanx Group is also continuously expanding the range of sustainable funds on offer in its international retail business.



What is more, the Group's property business is supporting retail and business customers in transitioning to a sustainable economy. Among other things, the Talanx Group provides cover for damaged photovoltaic plants up to the replacement value, and compensates for potential loss of earnings. Another major focus is on the demands posed by electromobility. For example, in Germany the Talanx Group's motor vehicle insurance offers insurance rate discounts of roughly 25% for electric cars compared to the rates charged for similar combustion engine vehicles.

**TCFD** The Talanx Group goes above and beyond specific exclusions and promoting new technologies, and actively supports customers in mitigating the consequences of climate change. Climate change impacts the frequency and strength of extreme weather events. Cases of extreme heat are being seen almost everywhere in the world. Hurricanes are causing greater damage due to more intensive rainfall and higher storm surges. Insurance against such natural disasters enables the people and companies affected to deal more effectively with the consequences of extreme weather events and makes society as a whole more resilient. By providing this service the Talanx Group – Europe's sixth-largest insurance group – makes a significant contribution to protecting against climate risks.

Above and beyond this, the EU Taxonomy is a key transparency criterion for the sustainability of the Talanx Group's insurance portfolio. However, the Taxonomy only takes property/casualty insurance and reinsurance activities into account and only refers to the environmental objective of "climate change adaptation". This means that it only includes those lines of insurance that explicitly insure climate change risks. The Talanx Group reported its Taxonomy-eligible KPIs – i.e. its entire gross premiums for those lines of insurance that provide cover for climate change risks in addition to other risks – for the first time in financial year 2021. An overview of the relevant Taxonomy KPIs is given in the section entitled ["Metrics and targets"](#) below. From financial year 2023 onwards, the Talanx Group will report the Taxonomy-compliant gross premiums for the insurance lines, in line with the successive introduction of the Taxonomy Regulation and the procedure adopted for the investment area. However, the Taxonomy-compliant KPI will be substantially smaller than the Taxonomy-eligible KPI since, among other things, it will only take into account the share of premiums used to cover climate change risks.

## Talanx is supporting industry's transformation process

One of the key tasks that the Talanx Group, as a leading industrial insurer, has set itself is to support its customers worldwide as they transition to a more sustainable and low-emissions economy. As a result, the Group is also contributing to climate and environmental protection in the area of underwriting.

One example is supporting heavy industry as it transitions to green hydrogen. The switch involves high-risk demonstration-sized direction reduction plants in order to test the viability of producing hydrogen for use in steelmaking. Talanx provides erection insurance for these plants, among other things. This allows cover to be provided e.g. for damage and losses to insured items that occur during erection and test operations, or permits all subcontractors involved in the policy to be insured against the resulting costs.

Talanx expects there to be growing demand in this business area and sees itself as a partner for insuring innovative approaches and test facilities – with the goal in all cases being to help industry's transformation.

Our underwriters and risk managers work closely together with clients on the ground and develop innovative solutions with them.

■ **Edgar Puls,**  
Talanx AG's Board of Management  
member responsible for the Industrial  
Lines Division.



Sustainable hydrogen generated from solar and wind energy.

**TAXONOMY METRICS IN UNDERWRITING**

	2021	2020	2019
Taxonomy-eligible premiums (total taxonomy-eligible lines in booked gross premiums/ total booked gross premiums for property/casualty primary insurance and property/casualty reinsurance) * 100	62.8%	–	–
Taxonomy-non-eligible premiums (total not accepted and taxonomy-non-eligible lines in booked gross premiums/total booked gross premiums for property/casualty primary insurance and property/ casualty reinsurance) * 100	37.2%	–	–

The Talanx Group has deliberately positioned itself as providing support for the transition to a sustainable economy, while its insurance activities mitigate the consequences of climate change above and beyond this.

## Climate and environmental protection in the enterprise

One integral part of the Talanx Group’s sustainability strategy is to manage, and as far as possible reduce, its own environmental footprint. The Talanx Group’s approach here is firstly to avoid and secondly to reduce greenhouse gases, and only in a third step to offset them.

**GRI 103-1** The Talanx Group does not operate any physical production facilities but rather offers insurance and finance services. As such, its operations by definition have less impact on the environment or the climate than, for example, manufacturing enterprises or companies that are heavy users of raw materials. Nevertheless, the Group employs roughly 24,000 employees at its locations around the world, and they consume energy and materials, take business trips and travel to and from work. In addition, the Group purchases products and operating materials that its employees need to do their jobs, such as office equipment, IT products and food for its canteens.

Consequently, the Talanx Group is working systematically to implement its two main environmental objectives in its operations as well. Firstly, it intends to maintain climate neutrality in Germany, where more than 45% of the Group’s employees work. Secondly, it has set itself the goal of achieving net zero emissions from operations throughout the Group by 2030 at the latest.

**GRI 103-2** To do this, the Group is steadily reducing its carbon emissions, uses energy and other resources as efficiently as possible, procures energy from renewable sources and offsets the remaining emissions in Germany using emission reduction certificates. In addition, the Group aims to use water and paper responsibly, and to reduce waste, throughout the enterprise.

**GRI 103-3** The Talanx Group applies ISO 14064, the international greenhouse gas (GHG) standard. Building on this, it worked consistently in the 2021 reporting period to expand its internal framework for uniformly ensuring data capture, reporting and the quantification of greenhouse gas emissions throughout the Group.

Scope 1 and Scope 2 greenhouse gas emissions, and Scope 3 emissions from the business travel, fuel-and energy-related activities, paper and water consumption, and employee commuting categories, are measured and reported in line with the reporting thresholds defined in the GHG Protocol’s operating approach.

The reporting categories are defined as follows:

- **Scope 1:** Direct emissions from combustion at a facility (liquid and gaseous fuels, owned and leased vehicles and refrigerant leakage)
- **Scope 2:** Indirect emissions associated with the purchase of energy (electricity, district heating, steam and cooling)
- **Scope 3:** Indirect emissions associated with business-related activities and supply chains (e.g. business travel and purchased goods and services)

According to the information ascertained, the Group’s total emissions in 2021 excluding the Hannover Re Group amounted to 35,047.78 metric tons of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). This represents a drop of 60% compared to the figures reported for the previous year, or of 18% compared to the adjusted<sup>1</sup> prior-year figures for 2021. Although the restrictions introduced in response to the coronavirus pandemic (which were included in this year’s calculations of carbon emissions) were partly responsible for the decrease, it is in fact largely the result of the continuing efforts to reduce the Talanx Group’s environmental footprint.

One of the key environmental goals is to maintain the Group’s commitment to climate neutrality in Germany. In 2021, as in the past, unavoidable GHG Scope 1, Scope 2 and Scope 3 carbon emissions were offset by purchasing and decommissioning high-quality emission reduction certificates.

The carbon certificates acquired in 2021 represent investments in two REDD+ projects designed to mitigate climate change and promote economic development in Latin America and Asia. All offset projects meet recognised global standards such as the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity Standards (CCBS).

**CARBON OFFSET PORTFOLIO BY PROJECTS AND REGIONS SUPPORTED FOR GERMANY<sup>1</sup>**

In t CO <sub>2</sub> e (unless otherwise stated)	Latin America	Asia
Sustainable forest management (REDD+ <sup>2</sup> )	5,648	3,778
Proportion	60%	40%

<sup>1</sup> Data do not include the Hannover Re Group.  
<sup>2</sup> Reduction in emissions from deforestation and destructive forest use.

**GRI 302-1 | 302-3 | 302-4 | 305-1 | 305-2 | 305-3 | 305-4 | 305-5 | TCFD** Indirect emissions from purchased energy (electricity, district heating, steam and cooling) are calculated using location-based emission factors provided by Ecoinvent and Germany’s Federal Environmental Agency (Umweltbundesamt – UBA). All other emissions are determined on the basis of Defra conversion factors and in accordance with DIN EN 16258.

<sup>1</sup> Adjustments to the figures reported for the previous year are due to updates to historical data and methodological adjustments (made to accommodate the effects of the coronavirus pandemic, among other things).

GREENHOUSE GAS EMISSIONS<sup>1,2</sup>

In t CO <sub>2</sub> e (unless otherwise stated)	Change versus previous year	2021	2020	2019
<b>Total GHG emissions (location-based)<sup>3</sup></b>	<b>-18.0%</b>	<b>35,048</b>	<b>42,735</b>	<b>77,606</b>
Location-based emissions from energy consumption in buildings	-9.6%	15,477	17,114	22,076
Emissions from business travel	-8.0%	2,382	2,588	7,240
<b>Scope 1, direct GHG emissions</b>	<b>-2.1%</b>	<b>10,357</b>	<b>10,575</b>	<b>11,792</b>
Natural gas consumption	-1.5%	4,211	4,276	4,691
Liquid fossil fuels	-0.9%	117	118	154
Own/leased vehicles	-2.5%	6,030	6,181	6,946
<b>Scope 2, indirect GHG emissions</b>	<b>-12.3%</b>	<b>11,149</b>	<b>12,720</b>	<b>17,231</b>
Location-based emissions from electricity consumption	-14.0%	7,056	8,205	9,665
District heating and cooling	-9.3%	4,093	4,515	7,566
<b>Scope 3, other indirect GHG emissions</b>	<b>-30.3%</b>	<b>13,541</b>	<b>19,439</b>	<b>48,584</b>
Air travel	-43.9%	694	1,236	5,719
Rented cars and taxis	21.7%	1,582	1,300	1,339
Rail travel	103.8%	107	52	182
Energy upstream	8.8%	6,095	5,601	7,384
Paper consumption	25.2%	757	605	739
Water consumption	5.5%	188	178	252
Employee travel to and from location	-60.7%	4,118	10,467	32,969
<b>Location-based GHG emissions per employee (Scope 1+2)</b>	<b>-10.3%</b>	<b>1.10</b>	<b>1.22</b>	<b>1.47</b>
<b>Location-based GHG emissions per employee (Scope 1+2+3)</b>	<b>-19.0%</b>	<b>1.82</b>	<b>2.25</b>	<b>3.93</b>
<b>Total energy consumption in MWh</b>	<b>-4.4%</b>	<b>78,343</b>	<b>81,940</b>	<b>104,055</b>
Electricity consumption from non-renewable energy sources in MWh	-14.3%	14,754	17,216	21,377
Electricity consumption from renewable energy sources in MWh	-7.0%	20,738	22,288	24,490
Proportion of electricity consumption from renewable energy sources	+2 ppts.	58.4%	56.4%	53.4%
Energy from primary energy sources (oil, gas, etc.) in MWh	4.1%	21,355	20,512	19,921
Delivered heat and cooling in MWh	-1.9%	21,496	21,922	38,267
<b>Energy consumption per employee in MWh</b>	<b>-5.5%</b>	<b>4.07</b>	<b>4.31</b>	<b>5.27</b>
<b>Fuel consumption in litres</b>	<b>2.4%</b>	<b>2,534,596</b>	<b>2,475,987</b>	<b>2,887,761</b>
<b>Fuel consumption per employee in litres</b>	<b>1.1%</b>	<b>131.60</b>	<b>130.11</b>	<b>146.28</b>

<sup>1</sup> Data do not include the Hannover Re Group.<sup>2</sup> Adjustments to the figures reported for the previous year are due to updates to historical data and methodological adjustments (made to accommodate the effects of the coronavirus pandemic, among other things).<sup>3</sup> Total emissions are based on actual, estimated or extrapolated data. All assumptions and methods of calculation are in line with the principles set out in ISO 14065.

The Talanx Group focuses its efforts to improve its overall energy performance and reduce its energy consumption primarily on its business premises and offices. For example, the Group continuously optimises its energy efficiency and reduces its energy consumption by deploying new, more efficient technologies. It sources electricity from renewable sources in 12 countries; at the end of 2021, 58.4% of the Group's total electricity worldwide was from renewable sources (2020: 56.4%, 2019: 53.4%).

In 2021, the Group continued optimising energy consumption at its locations in Germany and abroad by deploying more efficient lighting and using energy control systems. Its application of energy standards in the construction and selection of new office buildings also

contributed to this. These measures saved 0.164 GWh of energy in 2021.

Additional support came from adjustments made to a number of building management systems. These permitted maximum savings to be made in the periods in which offices were more or less empty due to the COVID-19 pandemic. These savings are also reflected in the energy intensity (the ratio of energy consumption to the area involved). Energy intensity in Germany fell to 0.16 (0.18) MWh/m<sup>2</sup>.

## Talanx teams around the world move into more sustainable buildings

Climate and environmental protection in the enterprise is one of the main ways in which Talanx aims to reduce emissions, along with investments and underwriting. The Talanx Group has set itself the goal of achieving net zero emissions from operations by 2030. One of the ways in which this can be done is through “greener” buildings. As a result, whenever Talanx needs new office buildings to accommodate its growth or because it has optimised its operating structures, it looks for more sustainable buildings or has new ones built and certified to the latest sustainable construction standards.

For example, in 2021 HDI Mexico moved into a new, EDGE-certified building. The move will save roughly 117 metric tons of CO<sub>2</sub> per annum. Now the WARTA team has taken new offices in one of Poland’s tallest buildings – which has also been certified under the BREEAM sustainability standard for environmental and social aspects. Equally, the HDI team in Italy has brought its staff together at a new location that has been awarded a LEED (Leadership in Energy and Environmental Design) green building certification.

Additional relocations are already being planned prospectively for the coming reporting period: In 2022, HDI France will move into the first French building to be constructed in accordance with HQE®, the French green building approach, and which is also BREEAM-certified.

We want our office buildings to comply with the highest sustainability standards. This will help us meet our goal of achieving net zero emissions by 2030.

■ Dr Wilm Langenbach, member of Talanx AG’s Board of Management.



This BREEAM-certified office building is WARTA’s headquarters in Poland.

The Group scaled back its business travel so as to cut both emissions and costs. The travel approval process is designed to reduce the number of business trips per employee. While air travel remained almost unchanged in 2021 compared to the previous year, it declined by 66.5% in comparison to 2019. In addition, a look at the travel KPIs shows a shift in the means of transport used – something that also

has a positive effect on the resulting emissions and is largely the result of restrictions associated with the COVID-19 pandemic. Above and beyond this, the decrease is due to continuing efforts to regulate business travel more closely and to the increased use of alternative solutions such as web meetings.

### DISTANCES TRAVELLED<sup>1</sup>

In km (unless otherwise stated)	Change versus previous year	2021	2020	2019
<b>Total distance travelled</b>	1.7%	16,405,846	16,133,785	48,994,024
<b>Total air travel</b>	14.8%	5,643,429	4,917,508	25,137,504
Short-haul air travel	-42.2%	1,572,716	2,720,449	6,984,630
Medium-haul air travel	205.3%	2,328,877	762,752	6,223,184
Long-haul air travel	21.4%	1,741,836	1,434,308	11,929,690
<b>Air travel per employee</b>	13.4%	293.0	258.4	1,273.4
<b>Total train travel</b>	-30.4%	3,315,497	4,762,085	17,158,068
<b>Total car travel</b>	15.4%	7,446,920	6,454,192	6,698,451
<b>Total distance in km per employee</b>	0.5%	851.8	847.8	2,481.8

<sup>1</sup> Information per employee based on active core employees (not including the Hannover Re Group).



**CR1** 301-1 | 301-2 | 303-1 | 303-2 | 303-3 | 303-5 | 306-2 | 306-3 The Talanx Group is also making efforts to reduce the volume of waste it produces and to cut its water, paper and plastics consumption, especially in preparation for forthcoming EU legislation designed to reduce plastics.

The Group is working to reduce its paper consumption since producing this raw material uses important resources. Among other things, it is deploying pull print technologies that enable it to reduce the number of printers required. It is also working to change employees' printing habits, for example using desktop-on-demand technology in conferences. This enables meeting room users to access their data quickly and easily and to display them on-screen, hence avoiding the need to print documents.

Water is becoming an increasingly precious commodity in many countries around the world, which is why the Talanx Group has introduced a large number of measures to conserve it. Measures taken include installing tap aerators and water-efficient products as soon as new equipment is required or when facilities are renovated. Water consumption is continuing to decline. However, given the measures that have already been implemented it is becoming more and more difficult to identify significant sources of savings.

The Talanx Group did not use any surface water, including water from wetlands, rivers, lakes and oceans, groundwater, directly harvested and stored rainwater, or waste water from other organisations. Instead, the Group only uses water from local and municipal water supply systems. This means that the water quality is regulated by local and European standards. Neither the entire volume of water nor a proportion of it was recycled and reused.

#### CONSUMPTION OF PURCHASED GOODS<sup>1</sup>

	Change versus previous year	2021	2020	2019
<b>Copying/printing paper consumed in kg</b>	-8.3%	538,369	586,817	747,816
Recycled paper in kg	—	430,454.0	—	—
<b>Paper consumption per employee in kg</b>	-9.4%	27.95	30.84	37.88
<b>Water consumption in m<sup>3</sup></b>	0.3%	156,583	156,118	184,751
<b>Water consumption per employee in m<sup>3</sup></b>	-0.9%	8.13	8.20	9.36

<sup>1</sup> Information per employee based on active core employees (not including the Hannover Re Group).

The Talanx Group has started eliminating all disposable cups, cutlery, straws and plastic bags from its catering facilities, vending machines and kitchens with cleaning facilities so as to substantially reduce the consumption of single-use plastics. These items are being replaced by multiuse alternatives such as reusable cutlery and dishes. For example, plastic packaging is being replaced by glass containers. Where plastics cannot be replaced, biodegradable corn starch foil is used. The focus is on the disposal of plastics that often cannot be recycled due to the inadequate separation and contamination of waste flows. Regular information sharing with the City of Hannover and other companies within the "Hannover ohne Plastik" (HOP) initiative, of which the Talanx Group is also a member, is leading to the development of a constant stream of additional ways of avoiding single-use plastics.

#### WASTE (GERMANY)<sup>1</sup>

In metric tons (unless otherwise stated)	Change versus previous year	2021	2020	2019
<b>Total waste</b>	-33.0%	1,425	2,126	2,619
Recycling	-23.9%	684	899	1,454
Recycling in %	+5.7 ppts	48.0%	42.3%	55.5%
Energy recovery	-55.2%	239	534	472
Composting of natural waste	-78.5%	40	187	63
Residual waste (non-IT)	-7.2%	458	494	612
Electronic waste (small and large electronic devices)	-24.0%	2	2	2
Hazardous waste	-83.9%	2	10	15
<b>Waste per employee</b>	-30.9%	0.17	0.24	0.28

<sup>1</sup> Information per employee based on active core employees (not including the Hannover Re Group).

## Metrics and targets

The following table provides a summary of the key objectives, measures and (Taxonomy) KPIs for climate-related and environmental matters in asset management and underwriting, and for climate and environmental protection in the enterprise.

In addition to the ESG KPIs presented here, the Talanx Group is currently working to develop uniform metrics and parameters for the Group, plus corresponding processes, that will permit concrete management approaches for climate-neutral investment and insurance portfolios in line with the Paris Agreement's climate goals.

### GOALS AND MEASURES: CLIMATE-RELATED AND ENVIRONMENTAL MATTERS

Area	Goal	Key measures	Scope	Status in 2021
Asset management	Net zero emissions by 2050	Reduce carbon intensity (Scope 1 and 2) by 30% compared to 2019 baseline	Group-wide	-15%
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 7.2 billion
		ESG screening of investment portfolio	Group-wide	Ongoing
		Exit thermal coal by 2038; exclude companies generating more than 25% of their revenue and power from thermal coal, or generating more than 25% of their revenue from oil sands	Group-wide	Ongoing
	Taxonomy	Proportion of taxonomy-eligible investments (taxonomy-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	7.8%
		Proportion of taxonomy-non-eligible investments (taxonomy-non-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	33.2%
		Proportion of derivatives (total derivatives/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	0.3%
		Proportion of ineligible entities pursuant to the NFRD (investments in entities that are not covered by NFRD reporting requirements/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	58.7%
		Proportion of government bonds (government bonds/total assets for the Taxonomy KPIs) * 100	Group-wide	20.8%
	Underwriting	Net zero emissions by 2050	Reduce carbon intensity	Group-wide
Exit thermal coal and oil sands by 2038 and no underwriting of new business with coal-fired power stations or thermal coal mines			Group-wide	Ongoing
ESG screening of insurance portfolio			Group-wide	Ongoing
Increase premium volume for renewable energies and green technologies			Group-wide	Ongoing
Expand sustainable insurance solutions		Expand sustainable insurance solutions to mitigate the consequences of natural disasters	Group-wide	Ongoing
		Support the global transition to green energy by providing insurance for renewable energies and technologies	Group-wide	Ongoing
Taxonomy		Taxonomy-eligible premiums (total taxonomy-eligible lines in booked gross premiums/total booked gross premiums for property/casualty primary insurance and property/casualty reinsurance) * 100	Group-wide	62.8%
		Taxonomy-non-eligible premiums (total not accepted and taxonomy-non-eligible lines in booked gross premiums/total booked gross premiums for property/casualty primary insurance and property/casualty reinsurance) * 100	Group-wide	37.2%
Operations	Net zero emissions by 2030	Maintain climate neutrality in Germany	Germany	Done
		Reduce GHG emissions year-on-year	Group-wide	-18%
		Increase transparency regarding greenhouse gas emissions at global locations	Group-wide	Done
		Optimise energy consumption	Group-wide	Ongoing
		Increase use of renewable energy sources	Group-wide	Ongoing

The EU Taxonomy Regulation and the Delegated Acts issued under it currently contain wordings and terms whose interpretation is still subject to substantial uncertainty and for which clarifications have not yet been published in all cases. This means that the comparability of the relevant KPIs may be severely limited. In addition, any clar-

ifications published at a later date may lead to differences in interpretation compared to the present.



- The Talanx Group continued supporting charitable projects and social initiatives in 2021.
- Flexible childcare offerings expanded, e.g. by constructing a company day-care centre at Talanx’s headquarters in Hannover.
- Measures to promote a non-discriminatory working environment, e.g. through unconscious bias training.

## Social Matters

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# Social Matters

## Social matters in asset management and underwriting

**GRI 103-1** As a listed enterprise with roughly 24,000 employees serving customers in more than 150 countries around the world, the Talanx Group takes its social responsibilities seriously.

In line with this, social aspects also play a major role in the Talanx Group's investment and insurance decisions.

**GRI 103-2 | 412-3** Consequently, compliance with social standards and principles has been stipulated as a key filter criterion throughout the Group for the regular ESG screening performed in the investment area. To comply with the social criteria set out in the UN Global Compact, the Talanx Group has systematically expanded its filter catalogue to include international social standards such as the conventions drawn up by the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**GRI 103-3** The Responsible Investment Committee (RIC) defines and regularly reviews the social screening and exclusions criteria used, and makes recommendations to the Group companies on whether to retain or shed investments, taking the economic interests of the community of insured customers into account.

The Talanx Group is set to increase its social investments once again when it lifts its sustainable investments to EUR 8 billion. It provides comprehensive finance for public sector infrastructure projects such as hospitals, universities and courthouses. This infrastructure increases overall social well-being and enhances the functionality of public sector institutions. Equally, the Talanx Group has significantly increased its exposure to social bonds. One key example in this area is its subscription of a European Union bond designed to directly mitigate the impact of the coronavirus pandemic. By subscribing to the bond, the Talanx Group is making a further contribution to reducing the consequences of the pandemic. At an overall level, it is also underscoring the social dimension to its investment policy.

Social aspects are also playing an increasing role in product development for the third-party asset management business. For example, investment selection for the Ampega terrAssisi funds applies the Franciscans' ethical principles in addition to the fundamental exclusions already mentioned. In line with this, the investment criteria give equal weight to economic aspects and social, cultural and environmental aspects. St. Francis of Assisi's high regard for the whole of creation serves as guidance for the specific investment and exclusion criteria.

Social aspects are highly important for the Talanx Group in the underwriting area, too. By offering insurance services, the Group provides reliable long-term financial protection against a variety of life risks for people and companies around the world, and hence helps directly to reduce social disparities. Its primary insurance offering covers all existential risks for retail and commercial customers. What is more, the reinsurance business allows other insurers around the world to also offer such products.

In addition to this core role as a risk taker, compliance with international social standards and principles is a key criterion used to make decisions or justify exclusions when underwriting insurance risks. This is achieved by screening.

Moreover, social aspects are also increasingly being incorporated into concrete solutions for products. For example, by offering enhanced annuity programmes to reinsurance customers, the Group is addressing the trend towards greater life expectancies in the area of longevity products. Additionally, it helps promote social and financial inclusion by facilitating online sales of life insurance and support for the health insurance business in markets with insufficient health-care services, and increases insurance density in a number of emerging markets and developing countries. What is more, by providing insurance solutions such as agricultural insurance and microinsurance, it contributes to social advances in underdeveloped regions. These offerings enable people without large financial reserves to insure themselves against basic risks such as the consequences of failed harvests and sickness.



The Talanx Group also takes on social responsibility in its advisory activities, for example by protecting customers against financial risks and supplementing or in some cases offering alternatives to public sector social security systems. In particular, the Group's life insurance products help relieve the pressure on social security systems.

The Talanx Group is also making an important social contribution and living up to its social responsibilities during the ongoing coronavirus pandemic. For example, the decision to put COVID-19 in Germany on the same footing as the diseases and pathogens listed in the German Protection Against Infection Act (IfSG) means that business shutdowns that are officially ordered as a result of the coronavirus pandemic enjoy insurance cover. The Group is also providing concrete help for key groups of professionals such as physicians during this period. The rapid spread of the coronavirus led many retired doctors to offer their help by acting as locums in medical practices, providing patients with advice, or working in vaccination centres. As a result, the Talanx Group expanded the benefits offered to physicians in Germany who had taken out professional liability insurance with it. In addition, the Group is helping to fight the coronavirus in other countries such as Italy, Canada and France by insuring clinical studies.

## Corporate citizenship

**GRI 103-1** Social commitment is a key area in which the Talanx Group can contribute directly to society and also promote employee involvement by providing publicity, supporting volunteering and organising fundraising campaigns. As a result, it also helps underpin the Group's aim of supporting social progress.

Social commitment was not identified as a material aspect during the materiality analysis. Nevertheless, the issue is important to the Talanx Group, which is continuously enhancing and promoting it as part of its sustainability strategy.

**GRI 103-2 | 103-3** In line with the Group's decentralised organisational structure, the individual locations select their own projects, assign their own resources to them and assess their effectiveness in terms of the sustainability strategy. This allows the Talanx Group to have a positive impact on society above and beyond its actual business activities.

In line with this, the Talanx Group supports charitable projects and social initiatives throughout the Group. Involvement takes many forms and is always tailored to local needs in the countries concerned. The examples of support for education and for people in need shown below are just some of the Talanx Group's many and different activities.

## Support for education

Education is a precondition for social cohesion and economic progress. It allows people to improve their economic situation and standard of living. This is why the Talanx Group is particularly involved in promoting education and training.

One of its projects is the HDI Foundation, which sponsors 10 high-performing students drawn from all across Germany with monthly stipends. The scholarships are for selected faculties at nine universities and institutions of higher education that are active in insurance-related areas. In addition, the Talanx Group's "WIR" scholarships support 16 students at universities in Hannover. Scholarship holders receive financial support and can also take part in Company events and workshops. Talanx invests roughly EUR 77,000 per year in scholarships throughout Germany.

The House of Insurance, which was founded in 2018 by the Talanx Group, its subsidiary the Hannover Re Group and other Hannover-based insurance enterprises, is a centre for actuarial science at Leibniz University Hannover.

The units at the Group's international locations also provide strong support in this area. For example, a joint initiative with Fundación Cristo Vive in Chile offers people living in poverty the chance to train as car mechanics, among other things. The Talanx Group provides financial support for workshops leading to this goal, for example, and leverages its servicing network to identify repair shops that are willing to give internships to course participants. A total of 18 such placements were arranged in 2021.

The employees at the Mexican branch have collectively donated more than 580 packs of school supplies for children at eight schools, allowing them to focus fully on their lessons. In the USA, the Group works together with HFS Chicago Scholars to enable disadvantaged families to send their children to private schools and hence give them better access to education.

# 494

DAYS

of paid leave granted by HDI Germany to help with the catastrophic flooding.

## Support for people in need

Supporting people in need is part of insurance companies' core business. This is why the Group feels it extremely important to help people who are experiencing severe hardship through no fault of their own.

The solidarity shown by both employees and the Group became particularly clear in Germany following the catastrophic flooding caused by Low-pressure System "Bernd" in 2021. For additional information about Talanx's involvement here, please see [Joining forces to rebuild together](#).

Regular annual projects include the Christmas tree campaigns at the Hamburg, Hameln, Hannover, Hilden and Cologne locations. Employees can bring joy to children in children's homes, residential mother-and-child groups and foundations by making concrete Christmas wishes come true.

The Talanx Group's employees in Italy also wanted to help people in need at Christmas: Selling sweets from Fondazione Mazzini raised money for children in need. In another example, donations were made to the SANT'EGIDIO organisation, which helps people living in poverty. The team in South Africa joined forces with Africa Food For Thought on Mandela Day to package food donations for children. These both ensure that children are fed and allow them to concentrate better on their education, since they know where their next meal is coming from. The Austrian and Mexican branches donated blankets for people in need to protect them from cold during the winter months. In Mexico, roughly 250 indigenous people in the mountains of Chinantla, Oaxaca, Zongolica and Veracruz benefited as a result. Employees in the USA donated clothes and money to a variety of organisations helping for people in need to help them get back to work and prepare for job interviews.. The goal of the "Dress to Success" campaign is to enable job applicants to make a positive first impression.

## Joining forces to rebuild together

The meteorological disaster caused by Low-pressure System "Bernd" shook the whole of Germany in summer 2021. Heavy rains left streets flooded and cellars under water in large parts of the country, turning streams into raging torrents and causing widespread damage. HDI Versicherung AG's claims adjusters visited the affected areas immediately after disaster struck, providing victims with swift, uncomplicated assistance.

A wave of sympathy swept through Germany after the catastrophe, including at Talanx. The Company and its staff donated time and money to actively helping the reconstruction work: HDI gave EUR 50,000 each to the fire brigade and the THW (Germany's Federal Agency for Technical Relief) in the town of Ertstadt – which had been hard hit by the disaster – to buy new emergency vehicles, in recognition of the work done by the emergency services. In addition, the Company gave employees affected by the disaster and helpers time off work. A total of 494 days of paid leave were taken. Above and beyond this, the Company worked together with the TAUFE e.V. foundation to provide affected staff with donations of up to EUR 5,000, and offered counselling.

Talanx's staff also got involved. They donated a total of 2,655 hours of overtime and collected EUR 30,000 for flood victims.

<https://difference-mag.com/en/article/helping-hands.html>

As an insurer, we want not just to adjust claims but also to set an example – by supporting emergency services with the infrastructure that is crucial to their work.

■ Dr Christopher Lohmann,  
 Chairman of the Board of Management  
 of HDI Germany.



Talanx and its employees provided straightforward, active support for reconstruction efforts following the extreme weather event in Germany in the summer of 2021.

## Employee matters

The Talanx Group’s human resources activities aim to provide the best possible support for, and to value, employees in keeping with the Group’s Purpose, “Together we take care of the unexpected and foster entrepreneurship”. Insurance means working together, sticking together and interacting together, and this applies to staff in particular. One key part of Talanx’s human resources work is therefore to attract, develop and connect new employees, and to retain them for the Group.

The three focal areas – recruitment, human resources support and human resources development – are closely aligned and coordinated. They all play a major role in addressing current human resources issues, from ensuring a positive, agile culture through modern recruitment processes and staff qualification/professional development topics down to designing incentive systems and state-of-the-art working conditions.

A Group works agreement for the German business units, New-Work@HDI, was signed during the reporting period, providing rules for dealing with the new normal and facilitating models featuring both working from home and office work. This lays the foundations for real togetherness both during the coronavirus pandemic and beyond. The Talanx Group believes in flexible working locations and hence in mobile working; at the same time, though, personal contact is essential to integrate staff with their team and the Group.

Other examples of events during the reporting period clearly demonstrate the Talanx Group’s Purpose in action: the aid provided during the catastrophic floods in Germany and measures taken to help colleagues affected by the pandemic show true solidarity. These developments are leading to an increasingly modern, agile working environment that enhances both the Company’s attractiveness on the labour market and employee satisfaction, loyalty and motivation.

### Talanx as an employer

**GRI 103-1 | 103-2** The Talanx Group has an impact on 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 vocational training and continuous professional development. The Group has a considerable economic effect, not only by employing people directly at locations throughout the world, but also by placing orders with (regional) suppliers and service providers. Additionally, its education and training activities extend above and beyond its core business, especially thanks to the work of the HDI Foundation and its support for student organisations ([Corporate citizenship](#)). Employees are the Talanx Group’s most important resource, since they make a significant contribution to its success. This is why their well-being and employee development are key corporate goals.

The topic of Talanx as an employer covers a wide range of aspects, from achieving a satisfactory work-life balance through remuneration and performance down to health and safety at work. [Employee recruitment and development](#) and [Diversity](#) are dealt with separately below.

Talanx’s employee figures are reported in the same way as for the annual report, i.e. on the basis of the HGB requirements, including casual workers. The figure for 2021 is 23,954 (2020: 23,527, 2019: 23,324). Due to the calculations used for human resources purposes, the number of employees reported in the following is the figure excluding casual workers; in line with this, all other human resources metrics relate to the figure of 23,424 staff (2020: 23,068, 2019: 22,824). are dealt with separately below. Talanx’s employee figures are reported in the same way as for the annual report, i.e. on the basis of the HGB requirements, including casual workers. The figure for 2021 is 23,954 (2020: 23,527, 2019: 23,324). Due to the calculations used for human resources purposes, the number of employees reported in the following is the figure excluding casual workers; in line with this, all other human resources metrics relate to the figure of 23,424 staff (2020: 23,068, 2019: 22,824).

#### TOTAL EMPLOYEES<sup>1</sup>

	Number		
	2021	2020	2019
Active core workforce including casual workers	23,954	23,527	23,324
Active core workforce excluding casual workers	23,424	23,068	22,824

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

A total of 10,492 (2020: 10,662, 2019: 10,633) people were employed in Germany and 12,932 (2020: 12,406, 2019: 12,191) abroad as at the 2021 year-end. Of these, 11,589 (2020: 11,451, 2019: 11,267) employees were male and 11,835 (2020: 11,617, 2019: 11,557) were female.

#### WORKFORCE IN GERMANY/REST OF WORLD<sup>1</sup>

	in %		
	2021	2020	2019
Germany	44.8	46.2	46.6
Rest of world	55.2	53.8	53.4

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

#### WORKFORCE BY GENDER<sup>1</sup>

	in %		
	2021	2020	2019
Male	49.5	49.6	49.4
Female	50.5	50.4	50.6

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

There were no significant variations, e.g. for seasonal reasons, in the number of employees in the Talanx Group. Employee data are captured centrally and locally using a number of different software systems such as SAP and Tagetik. The breakdown of the Talanx Group's workforce by region is given in the following table.

GR1 102-8

#### WORKFORCE BY REGION AND GENDER<sup>1</sup>

Region	Number						Gender in % by region					
	2021			2020			Male			Female		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Germany	10,492	10,662	10,633	44.8	46.2	46.6	52.2	52.7	52.6	47.5	47.3	47.4
Central and Eastern Europe including Turkey	4,149	4,090	4,039	17.7	17.7	17.7	41.7	42.0	41.7	58.3	58.0	58.3
South and North America	4,618	4,562	4,588	19.7	19.8	20.1	49.0	49.3	49.5	51.0	50.7	50.5
Rest of Western Europe	3,000	2,641	2,554	12.8	11.4	11.2	52.9	52.1	51.1	47.1	47.9	48.9
Other regions	1,165	1,113	1,010	5.0	4.8	4.4	42.8	43.8	40.8	57.2	56.2	59.2
<b>Total</b>	<b>23,424</b>	<b>23,068</b>	<b>22,824</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>49.5</b>	<b>49.6</b>	<b>49.4</b>	<b>50.5</b>	<b>50.4</b>	<b>50.6</b>

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

As shown in the table entitled "Workforce by employment contract, type of employment and gender", 97.1% (2020: 96.4%, 2019: 96.1%) of Talanx Group employees have permanent employment contracts. A total of 11.0% (2020: 10.9%, 2019: 11.1%) of all employees work part-time.

#### WORKFORCE BY EMPLOYMENT CONTRACT, TYPE OF EMPLOYMENT AND GENDER<sup>1</sup>

Employees	Number						Male			Female		
	2021			2020			2021			2020		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Temporary	680	838	888	259	382	394	421	456	494			
Permanent	22,744	22,230	21,936	11,330	11,069	10,873	11,414	11,161	11,063			
Full-time	20,839	20,548	20,299	11,258	11,143	10,989	9,581	9,405	9,310			
Part-time	2,585	2,520	2,525	331	308	278	2,254	2,212	2,247			
<b>Total</b>	<b>23,424</b>	<b>23,068</b>	<b>22,824</b>	<b>11,589</b>	<b>11,451</b>	<b>11,267</b>	<b>11,835</b>	<b>11,617</b>	<b>11,557</b>			

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

GR1 102-41 90.7% (2020: 91.3%, 2019: 92.1%) of the Talanx Group's employees in Germany (excluding the Hannover Re Group) are covered by collective bargaining agreements, i.e. the companies are members of the Employers' Federation or apply the national general collective agreement for the private insurance industry. Payment for the remaining employees is not covered by collective bargaining agreements. The large majority of these are people who perform special duties or have responsibility for areas for which the requirements are higher than those set out for the highest remuneration group under the collective bargaining agreement.

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, 350 (2020: 355, 2019: 362) commercial agents worked for HDI's tied agent operations as at the 2021 year-end.

Employee involvement in decision-making is ensured via the employee representatives on the Supervisory Board and by co-determination within the enterprise. This takes place at three different levels within the Talanx Group, with a relevant body for each: the local works councils at the establishment level, the Company Works Council at Company level and the Group Works Council at Group level. The interests of vocational trainees and disabled employees are also represented at each level.

## Work-life balance

Talanx sets store by a healthy work-life balance. The Group's divisions offer employees a wide variety of options for professional and personal development during all phases of their lives. This creates an attractive, family-friendly working environment and working conditions in which both men and women can combine a job and a family as a matter of course. This is why the Talanx Group offers employees flexible working time models, opportunities for part-time work and a deferred compensation scheme. Additionally, mobile working enables employees to flexibly manage their daily work in line with their individual needs and hence, for example, to improve the balance between their work and family lives.

**GR 401-3** For many years now, the Talanx Group has provided flexible and reliable childcare offerings, among other things, in order to help staff concentrate on their professional duties. Services include finding kindergarten places at the Company's Cologne location and parent-child offices that offer emergency support to parents with short-term childcare problems. This offering was expanded in September 2021 with the opening of the Company's own day-care centre in Hannover. What is more, 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/RETENTION AFTER PARENTAL LEAVE (ABSOLUTE NUMBERS)

	Germany						Rest of world					
	Male			Female			Male			Female		
Absolute numbers	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
On parental leave in previous period	171	196	192	346	340	343	- <sup>1</sup>	69 <sup>2</sup>	63 <sup>2</sup>	- <sup>1</sup>	317 <sup>2</sup>	327 <sup>2</sup>
Returned to work in the reporting period or planning to return in the following year	168	191	188	317	307	322	- <sup>1</sup>	61 <sup>2</sup>	57 <sup>2</sup>	- <sup>1</sup>	206 <sup>2</sup>	215 <sup>2</sup>
Retention after parental leave	147	164	151	130	123	116	- <sup>1</sup>	56 <sup>3</sup>	56 <sup>3</sup>	- <sup>1</sup>	151 <sup>3</sup>	147 <sup>3</sup>

<sup>1</sup> 2021 reporting period: Not all data were available at the time of reporting.

<sup>2</sup> 2020 reporting period: No data available for Switzerland.

<sup>3</sup> 2020 reporting period: No data available for the United Kingdom, Switzerland and Hungary.

### RETURN FROM / RETENTION AFTER PARENTAL LEAVE (RELATIVE NUMBERS)

Relative number in %	Return from parental leave						Retention after parental leave					
	Germany			Rest of world			Germany			Rest of world		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Male	98.2	97.4	97.9	- <sup>1</sup>	88.4 <sup>2</sup>	90.5 <sup>2</sup>	93.0	93.2	89.9	- <sup>1</sup>	87.5 <sup>3</sup>	87.5 <sup>3</sup>
Female	91.6	90.3	93.9	- <sup>1</sup>	65 <sup>2</sup>	65.7 <sup>2</sup>	90.3	96.1	92.8	- <sup>1</sup>	63.7 <sup>3</sup>	62 <sup>3</sup>
<b>Total</b>	<b>93.8</b>	<b>92.9</b>	<b>95.3</b>	<b>-<sup>1</sup></b>	<b>69.2<sup>2</sup></b>	<b>69.7<sup>2</sup></b>	<b>91.7</b>	<b>94.4</b>	<b>91.1</b>	<b>-<sup>1</sup></b>	<b>68.8<sup>3</sup></b>	<b>67.4<sup>3</sup></b>

<sup>1</sup> 2021 reporting period: Not all data were available at the time of reporting.

<sup>2</sup> 2020 reporting period: No data available for Switzerland.

<sup>3</sup> 2020 reporting period: No data available for the United Kingdom, Switzerland and Hungary.

Since 2014, parents who have returned to work following parental leave have received a tax-free Group subsidy of up to EUR 100 per month towards the cost of looking after their preschool children for their first year back. In Cologne, a partnership with Fröbel provides 50 places for employees. Parent-child offices offer support for parents in emergencies (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, (virtual and local) options for vacation and leisure time activities exist. Together with its partner organisation WDS, the Talanx Group also helps employees achieve a work-care balance and supports staff with loved ones in need of care, or who find that they themselves need looking after.

Many Talanx employees with children are facing childcare bottlenecks during the coronavirus pandemic. A number of options are available to support staff whose personal flexitime credits and vacation entitlements are not enough to allow them to care for their chil-

dren at home without taking a cut in salary. Employees who have to look after children up to 12 years of age or family members requiring care and who therefore cannot put in the hours at work to which they are contractually committed can take advantage of the HDI Care Time scheme. Under this, they are credited the hours they need. In addition, there is a high level of solidarity among Talanx's employees, coupled with the wish to donate overtime credits from their own flexitime balances. Talanx has created a framework for this solidarity among staff belonging to Talanx's Primary Insurance Group in Germany by enabling "flexitime credit donations". All in all, more than 14,000 hours were donated up to the end of December 2021, in line with the Talanx Purpose: "Together we take care of the unexpected and foster entrepreneurship".

What is more a Group works agreement, NewWork@HDI, that helps deal with the new normal during and after the coronavirus pandemic was signed during the reporting period.



## Occupational health and safety

The risks of physical injury and accidents at work are relatively low at Talanx, since the company offers services in the areas of insurance and finance. Equally, employees are not exposed to significant health hazards. At the same time, the safety and health of its employees while at work is of the greatest importance to the Group.

**GRI 403-1 | 403-2 | 403-3 | 403-4 | 403-7** In line with this, continuous improvements are made to the Company's occupational health and safety activities. Talanx's duties as an employer include taking the measures necessary to ensure occupational safety in light of the circumstances influencing employee health and safety at work. To do this, it must establish a suitable organisation – an occupational health and safety system (see section 3 of the ArbSchG). The Talanx Group has implemented wide-ranging processes to identify risks proactively and avoid hazards. In addition to the systematic hazard assessments (including risk assessments) performed, on-site inspections and workshops are held, accident reports are evaluated and the effectiveness of the measures taken checked, among other things. Talanx's occupational safety specialists and works doctors ensure that procedures are followed and help the responsible staff play an active role in ensuring occupational safety. Moreover, employees are motivated to take part in hazard assessments, e.g. during on-site inspections, and to themselves report occupational risks and hazardous situations to the service office or to the occupational safety specialists responsible. The occupational safety specialists advise employers in line with the ArbSchG so as to ensure that occupational health and safety is continuously enhanced and that occupational safety regulations are observed. Employee interests in work safety and healthy workplaces are safeguarded in close cooperation with corporate management, the works councils and the representatives of the Company's disabled employees (currently 416 in number). The German Health and Safety at Work Act (ASiG) and the accident prevention regulations set out and regulate the statutory minimum standards.

**GRI 403-9** 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 nine accidents at work at the Talanx Group in Germany (not including the Hannover Re Group) in 2021 (2020: 8, 2019: 35), corresponding to an accident at work ratio of approximately 0.1% (2020: 0.1%, 2019: 0.4%). In addition, there were five accidents on the way to or from work in 2021 (2020: 8, 2019: 25), corresponding to a ratio of approximately 0.1% (2020: 0.1%, 2019: 0.3%). The occupational safety specialists assess the accidents in order to identify any preventive measures that need to be taken.

The days lost ratio (days lost due to illness) in Germany (not including the Hannover Re Group) was 4.8% in 2021 (2020: 5.1%, 2019: 6.6%). The days lost ratio for male employees was 3.9% (2020: 4.2%, 2019: 5.3%), while that for female employees was 5.9% (2020: 6.2%, 2019: 8.2%). In addition, the difference between this ratio and the industry average provided by the employers' association is determined. The days lost ratio for Talanx employees in Germany (not including the Hannover Re Group) is below the industry average of 5.5%.

Talanx's end-to-end, multi-site healthcare management policy does justice to both the strong demand, and the ongoing need, for measures in this area. Health is an important element of personal appreciation and a motivational factor for both employees themselves and for employers.

**GRI 403-5 | 403-6** Employees have access to a wide range of preventive measures forming part of the Company's holistic health management programme, allowing them to strengthen their personal resilience. Offerings range from exercise through nutrition down to mental health and preventing addiction.

The goal is to continuously improve, and hence increase and optimise, health and safety standards so as to preserve and enhance the Talanx Group employees' performance and motivation. In line with this, preventive activities include precautionary measures and screening for diseases, 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 nutrition and massages. Virtual courses are being offered during the coronavirus pandemic.

In addition, the HDI Health Year was launched in 2021. This sets new focuses for occupational health promotion activities every two months. The initiatives reference both current topics and seasonal events. The objective is to motivate employees to take advantage of existing offerings, and provide them with new inspiration, to do something for their health. What is more, the second overarching digital Health Week was held in 2021 under the motto of "Mental

# 4.8%

**DAYS LOST RATIO IN 2021**

in Germany excluding the Hannover Re Group. This is below the industry average of 5.5%.

Health x New Work". Its objective was to provide employees with information about various aspects of mental health and stress prevention, and to promote their psychological well-being. In addition, employees have access to free, anonymous external counselling and a family service in the case of personal, professional or psychological issues.

The Talanx Group supports employees facing stressful personal, professional or health situations via its external Employee Assistance Programme (EAP), which 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 are 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 taking emergency measures and conducting training exercises (e.g. for dealing with pandemics or fires).

Nutrition – and hence the food provided every day in the Group's employee canteens and cafés – also plays a major role in maintaining employee health and well-being. Vegetarian/vegan menus and cafeteria articles are provided every day. Organic German oat milk is also available in the cafeterias at the Company's Hannover and Cologne locations as an alternative to normal milk. What is more, the canteen in Cologne has 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.

Above and beyond this, the Talanx Group's nutrition scientists aim to reach out directly to staff in order to raise awareness of healthy eating. The Healthcare Management function's intranet pages also promote this. The Company produces its own cookery videos as part of its activities in this area that demonstrate healthy, sustainable recipes to employees and offer tips from internal experts. In addition, a daily menu option that complies with German Nutrition Society (DGE) quality standards and that meets office workers' healthy nutrition requirements is offered and flagged with a special colour.

## Remuneration and benefits

**GRI 102-35 | 102-36** The Talanx Group's remuneration system comprises a performance-driven and responsibility-based salary that includes results-based payments, plus attractive social benefits. Salary adjustments based on internal and external remuneration analyses ensure that Group pay is competitive. Paying appropriate salaries and informing 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 405-2** For Talanx, diversity management also means reaching as many potential job applicants as possible. In line with this, 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 the remuneration policy.

**GRI 202-1** Standard entry-level salaries in Germany are based on the provisions of the collective wage agreement for the insurance industry. For Group employees, they are always above the statutory minimum wage.

**GRI 401-2** The Talanx Group offers attractive social benefits, which depend on the contractual arrangements agreed, in addition to performance-related pay, flexible working hours and mobile working opportunities.

In Germany, these comprise:

- Capital accumulation benefits
- Healthcare 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
- Vacation pay and Christmas bonuses
- Occupational retirement provision

Equally, no distinction is made in terms of voluntary benefits at 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 EUR 5,000 do not have to be repaid.

Employees in Germany were given an opportunity to subscribe for shares in the Company on favourable terms in financial year 2021 – the third time such a programme was offered. The maximum subsidy per employee offered by the Company was based on the current tax-free limit of EUR 1,440. A total of 42% of eligible staff took part in the employee share programme during the year, a very positive outcome for the Group.

GR1 401-1

GR1 103-3 All these benefits are reflected in the Talanx Group's moderate employee turnover rate of 7.8% (2020: 8.4%, 2019: 7.75) and the long average periods that Talanx staff in Germany (not including the Hannover Re Group) spend with the Company (15.2 years).

#### NEW HIRES AND DEPARTURES BY GENDER AND AGE (GERMANY)

	New hires						Departures					
	Number			% <sup>1</sup>			Number			% <sup>1</sup>		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Male	264	390	445	2.9	4.2	4.8	418	450	402	4.5	4.7	4.2
Female	211	268	326	2.4	2.9	3.5	313	351	336	3.4	3.7	3.5
<b>Total</b>	<b>475</b>	<b>658</b>	<b>771</b>	<b>5.3</b>	<b>7.1</b>	<b>8.3</b>	<b>731</b>	<b>801</b>	<b>738</b>	<b>7.8</b>	<b>8.4</b>	<b>7.7</b>
30 or younger	154	228	217	1.7	2.5	2.4	114	154	161	1.2	1.6	1.7
Over 30–50	278	359	478	3.1	3.9	5.2	274	316	304	2.9	3.3	3.2
Over 50	43	71	76	0.5	0.8	0.8	343	331	273	3.7	3.5	2.9
<b>Total</b>	<b>475</b>	<b>658</b>	<b>771</b>	<b>5.3</b>	<b>7.1</b>	<b>8.3</b>	<b>731</b>	<b>801</b>	<b>738</b>	<b>7.8</b>	<b>8.4</b>	<b>7.7</b>

<sup>1</sup> 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)<sup>1</sup>

	New hires						Departures					
	Number			% <sup>1</sup>			Number			% <sup>1</sup>		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Male	650	576	703	6.7	6.4	8.4	703	623	604	7.3	6.9	7.3
Female	851	530	765	8.8	5.9	9.2	836	637	647	8.6	7.1	7.8
<b>Total</b>	<b>1,501</b>	<b>1,106</b>	<b>1,468</b>	<b>15.5</b>	<b>12.3</b>	<b>17.6</b>	<b>1,539</b>	<b>1,260</b>	<b>1,251</b>	<b>15.9</b>	<b>14.0</b>	<b>15.0</b>
30 or younger	656	448	567	6.8	5.0	6.8	571	432	402	5.9	4.8	4.8
Over 30–50	772	588	824	8.0	6.5	9.9	808	668	727	8.3	7.4	8.7
Over 50	73	70	77	0.7	0.8	0.9	160	160	122	1.7	1.8	1.5
<b>Total</b>	<b>1,501</b>	<b>1,106</b>	<b>1,468</b>	<b>15.5</b>	<b>12.3</b>	<b>17.6</b>	<b>1,539</b>	<b>1,260</b>	<b>1,251</b>	<b>15.9</b>	<b>14.0</b>	<b>15.0</b>

<sup>1</sup> Figures for the foreign companies were calculated uniformly using the average headcount. 2020: Excluding departures by gender and age in Turkey; 2019: The figures given for the numbers of staff joining and leaving the foreign companies do not include staff leaving in Turkey and staff joining and leaving in Chile.

## Employee recruitment and development

GR1 103-1 The Talanx Group's staff are one of its critical success factors. This means that recruitment, education and training are strategically important topics for the Group, and are core elements of the human resources strategy. In line with this, the following section focuses primarily on staff recruitment and human resources development, the content of which is different to the other sections dealing with [Talanx as an employer](#) and [Diversity](#).

GR1 103-2 In 2021, the Group started using its new "HDI Group" employer brand to enhance its impact and transparency on the recruitment market. Analyses have shown that the HDI brand generates substantially greater awareness among potential applicants than the individual brands such as PB Versicherungen and Ampega. The HDI Group employer brand covers all German primary insurance companies. The joint brand and centrally implemented measures increase the Group's efficiency when looking for talent and create a joint image for the entire Group.



**GRI 103-3** Human resources controlling is responsible for planning, managing and monitoring human resources activities and processes within the Talanx Group. Key elements include regular headcount trend analyses and human resources reporting (both internal and external). In addition, the Operational Auditing Competence Centre performs risk and process assessments for the human resources area in accordance with the principles of the Institute of Internal Auditors (IIA).

## Employee recruitment

Employee recruitment focused in particular on customised approaches aimed at specific target groups and on providing insights into the Company for use in external employer marketing. Concrete measures included formats such as an internal HR podcast, employee photo shoots and special campaigns featuring target group-specific content. Equally, the HDI Group's public image on evaluation platforms such as kununu was monitored more closely and feedback received there was followed up. In addition, greater use was made of digital channels and social media in employer communications. The Group actively approaches potential recruits on social media, combining employer brand marketing with attracting latent candidates for open positions.

A variety of approaches are used to ensure the Group meets its strategic goal of always having adequate numbers of talented young staff. These include offering dual-track vocational training and degree courses in a number of disciplines (business studies, insurance and finance, IT and business information systems, and catering) plus graduate trainee programmes focusing on different areas.

The success of this dual education and training offering can be seen from the consistently high number of vocational trainees who are taken on permanently after completing their courses. The figure for this in 2021 was nearly 80%. The Group offers a wide range of opportunities for joining, with vocational training for eight different trades and six different dual degree courses. The graduate trainee programmes specialise in IT, risk management, underwriting, sales and financial control. In 2021, a total of 91 apprentices and dual degree students started work at the HDI Group in Germany, while 31 people completed one of the specialist graduate trainee programmes.

The HDI Group's objective is to open up new opportunities. This is why it helps particularly talented students to achieve their full potential. It offers them financial support via the HDI Foundation and the "Deutschlandstipendium" scholarships, plus additional career-enhancing training, workshops and a valuable network. All in all, the scholarships provide financial support for approximately 50 students per semester and give them an exciting glimpse of the insurance industry ([Corporate citizenship](#)).

The HDI Group's university marketing strategy focuses on six universities near the Group's main locations, Hannover and Cologne. These are Leibniz University Hannover, Hannover University of Applied Sciences and Arts, Braunschweig Technical University, Hildesheim University, Cologne University and Cologne's University of Applied Sciences (TH Köln). The Group seeks direct contact with professors and students in the form of (digital) excursions and guest lectures, and by publishing job adverts.

In 2021, the Group took part in a number of (digital) careers fairs and invested in strengthening internal communities for the young talent

target group. In addition, the Group supports student associations such as the Frühstarter ("Early Bird") initiative. The aim here is to promote links between business and students and to provide information on career prospects for different study courses. A digital pilot for a separate recruiting event for IT students specialising in data science in the Hannover area was also held.

In April 2016, the 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. The Talanx Group's membership underscores its long-term commitment to responsible, forward-looking student placements.

In 2021, the Talanx Group systematically identified high-potential employees and managers in all areas throughout Germany for the first time using human resources development conferences. Customised measures will be used to support these employees' personal development and ready them for the next steps in their careers. This means that it will continue to be possible to appoint internal candidates to vacant positions in future.

Succession planning for the Board of Management and for other management and key positions minimises the risk of staff no longer being available and promotes employee development. The human resources development conferences pay special attention to female high-potential candidates.

The Group uses an objective selection process when seeking to fill vacant middle management positions, comprising aptitude testing and a variety of situation-based exercises that are monitored by multiple observers. This procedure is used for both internal and external candidates, ensuring an objective approach to filling key functions.

**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 who largely report directly to them. German managers are also seconded to perform certain management functions at locations abroad for limited periods as part of their personal development measures. The German and foreign units are increasingly exchanging specialists and management personnel as part of the Group's internationalisation strategy. Key international projects within the Talanx Group are regularly staffed by colleagues from subsidiaries and branches abroad who have worked temporarily where possible on projects in Germany.

A total of 107 (2020: 118, 2019: 85) management positions needed to be filled in Germany in the reporting period. Of these open positions, 83 (2020: 94, 2019: 73) were filled with internal candidates during the period; this corresponds to 77.6% (2020: 79.7%, 2019: 85.9%) of the total.

As at the end of 2021, the Talanx Group employed 215 graduate trainees (2020: 204, 2019: 245); 302 apprentices (2020: 306, 2019: 316); 14 interns (2020: 11, 2019: 17) and 530 casual workers (2020: 455, 2019: 500). Of these figures, 165 (2020: 146, 2019: 220) graduate trainees and 266 (2020: 215, 2019: 271) casual workers were located abroad.

## Employee development

**GRI 404-2** Continuously growing and developing its employees is important to the Talanx Group. In a volatile world, knowledge and skills requirements are changing all the time. This has an enormous impact on how learning is approached. Learning and the pace at which this takes place are key elements of the transformation process.

The Group offers employees both classic learning formats and self-directed, needs-driven learning in line with their interests. These include best practice sharing on a variety of topics, access to a wide variety of literature (“getAbstract”) and external learning platforms such as Masterplan. A “learn hacks” approach was introduced in 2021 to assist with self-directed learning, under which employees define their personal learning goals and can regularly reflect on the progress they have made.

All managers and employees can choose freely between a wide range of digital (e-learning) offerings on a variety of topics in the Company’s internal learning management system. The target of providing 50% of learning offerings in digital form in 2021 was exceeded. Approximately 350 e-learning courses are now available. The digital courses were used more than 24,000 times in 2021. Due to the pandemic, a large proportion of the internal training courses were again held virtually in 2021.

**GRI 404-1** Roughly 151,600 hours of training were held within HDI in Germany in 2021, with male employees accounting for roughly 86,400 hours and female employees for roughly 65,200 hours. Out of this number, around 8,000 documented training hours were attributable to management staff. A total of 19,000 days training were held, roughly 10,800 for male employees and 8,200 for female employees. This total corresponds to roughly 2.1 days of internal CPD per person per year. These figures do not include the time used for the new, self-directed learning formats such as best practice sharing or learning via other learning platforms. These forms of learning are growing in popularity and have become increasingly important in recent years. They are complemented by a large number of other, external offerings that are not reflected in the internal systems.

In addition, 412 employees were enrolled in a variety of different external education and training courses – 226 men and 186 women. The focuses were on a range of bachelor’s and master’s degree courses, actuarial training and continuing professional education in the underwriting area. The HDI Group supports these external training courses financially, and in a large number of cases in fact pays 100% of the costs.

Internal training focuses on specialist insurance seminars and sales training, methodological and behavioural training, specialist and management training, language and IT courses, and health-related topics such as resilience and mindfulness. In terms of the topics concerned, the most frequently used internal CPD offerings in 2021 related to digital skills acquisition, virtual teamwork, leadership, agile working methods, occupational safety, data protection, compliance and a variety of diversity aspects. Key information on compliance is already provided to all new employees as part of their onboarding training. Roughly 500 new staff completed the corresponding e-learning course on this in 2021.

HDI Germany and HDI Global SE provide regular product and sales training, ensuring that all employees remain up to date at all times and that they can comply with their advisory duties.

Hand in hand with the Group’s [diversity strategy](#), all staff and managers have been offered a variety of training courses since December 202, all staff and managers have been offered a variety of training courses since December 2020 that are designed to promote respectful, prejudice-free interaction. The main goals of unconscious bias trainings are to encourage reflection and raise awareness among participants, overcome unconscious bias and hence lead to a change in behaviour. A total of 421 Board of Management members, managers and employees – including the entire Human Resources function – have completed the unconscious bias courses to date. The training will be continued in 2022. Additional pilot training courses designed to combat racism and discrimination were held in 2021 with 20 employees, and will be rolled out across Germany in 2022.

The HDI Group aims particularly to strengthen the position of women, and a variety of different formats were developed for this. A total of 61 women took advantage of the internal offerings for women in 2021. In addition, the Group offers women individual support in the form of mentoring, which is provided on a needs-driven basis.

The Group uses a range of suitable programmes to support specific target groups, e.g. young professionals, high-potential employees, experts, and middle and top-level management. These targeted programmes are closely linked to the Group’s strategic focuses, such as agile digital transformation. They are reviewed regularly for effectiveness and adapted to current requirements. The development programmes are designed to promote employee retention, among other things. In addition, management and specialist positions can be filled primarily by internal candidates who have graduated from these programmes. A total of 163 people completed such a programme in 2021. The goal is to continue lifting the promotion ratio for programme graduates in Germany.

**421**  
 PEOPLE  
 have completed unconscious bias training so far.

The HDI Group's development programmes at a glance:

- International Management Development Programme
- International Talanx Excellence Programme
- Divisional Development Programme
- Certified Project Manager Development Programme
- Expert Development Programme
- First-time Manager Development Programme
- High-potentials Programme
- Career Starter Programme for former apprentices and dual-track degree course students
- Graduate Trainee Programmes: IT, Risk Management, Underwriting, Sales and Financial Control

A Group-wide international leadership initiative, the "Together Leadership Journey", was launched in 2021. With it, the Group is investing in its managers and their teams, and in a common culture. Waves of workshops aimed at all levels of management discussed the Group's common leadership principles – transparency, collaboration and commitment – and systematically reinforced their role as part of participants' behaviour.

The objectives are to live a transformational leadership style, to establish a culture of trust between managers and their teams at all levels of the hierarchy, and to jointly build a bridge to the new normal. More than 60 workshops took place in 2021, and were attended by the Board of Management members and managers of all of the Group's divisions (a total of roughly 950 people). Wave 1 of the workshops was aimed at top management (roughly 350 top executives throughout the Group), while Wave 2 included all managers above and beyond that. Alongside the workshops, all managers have access to an online platform containing a wide range of information and ideas about different aspects of leadership. This allows individual managers to learn for themselves about the relevant aspects of leadership. The "Together Leadership Journey" will be continued in 2022 with a further wave aimed at all managers.

**GRI 404-3** The annual review procedure, known as "Let's talk", is an instrument used in the Group's German units to promote successful collaboration and trusting communication between managers and staff, making it a key component of the Group's feedback culture. The review comprises the following components: tasks and goals, skills and requirements, teamwork, qualifications, and professional and personal development. A retrospective examination is combined with the agreement of concrete goals and measures, plus steps to be taken to facilitate personal development in the future.

The importance attached to the Group's feedback culture can also be seen from its "Organisational Health Check" (OHC), which was performed for the third time. In it, Group employees are asked for their views on its corporate culture and on the organisation, among other things.

## Diversity

The Talanx Group's Board of Management signed up to Germany's Diversity Charter in 2013, a corporate initiative designed to promote diversity at companies and institutions.

**GRI 103-1 | 101-2** A Board of Management member was made responsible for Diversity & Inclusion in September 2020, and in 2021 a new function, "D&I Management", was established and the relevant appointment made. This function aims to support the Group's objective of significantly increasing the importance of diversity, equal opportunities and inclusion in its day-to-day business. In addition, a comprehensive, Group-wide [diversity, equity and inclusion strategy](#) was developed. This will be rolled out in Germany in 2022 and then successively extended to the Group's international locations.

At Group level, was developed. This will be rolled out in Germany in 2022 and then successively extended to the Group's international locations. At Group level, Diversity & Inclusion Board started overarching work in June 2021. Added to this, dedicated working groups have been established in almost all divisions and focus on the specific topics there.

**GRI 405-1** The goal remains to increase the proportion of women in management positions.

In addition to an expanded range of training offerings, mentoring programmes and the Women@Talanx network, women are systematically taken into account during succession planning. Balancing the demands of work and family life is important to the Talanx Group. Measures in this area include part-time management positions and an initial pilot project on management job sharing. In addition, three more women were appointed to Board of Management positions at HDI Service AG, HDI Deutschland AG and HDI Global SE in 2021.

The focus in 2021 was on creating awareness and providing information. A number of different communications and explanatory formats were employed for this. These include taking part in Charta der Vielfalt's Diversity Day event by organising a Group-wide Diversity Week. One of the activities on offer is a digital "Diversity Parcours", which allows employees to find out more about diversity within the Talanx Group in a fun manner. This tool continues to be available to all staff worldwide.

## 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 %
<b>2021</b>						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	68.8	31.3	—	—	100.0
<b>2020</b>						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	68.8	31.3	—	16.7	83.3
<b>2019</b>						
Board of Management	6	100.0	—	—	16.7	83.3
Supervisory Board	16	68.8	31.3	—	—	100.0

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

	Germany				Rest of world				Total			
	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %
<b>2021</b>												
<b>Total members of the Board of Management/managing directors<sup>2</sup></b>	<b>54</b>	<b>5</b>	<b>59</b>	<b>8.5</b>	<b>76</b>	<b>13</b>	<b>89</b>	<b>14.6</b>	<b>130</b>	<b>18</b>	<b>148</b>	<b>12.2</b>
Tier 1 managers	151	28	179	15.6	228	98	326	30.1	379	126	505	25.0
Tier 2 managers	367	104	471	22.1	528	283	811	34.9	895	387	1,282	30.2
Tier 3 managers	199	77	276	27.9	551	351	902	38.9	750	428	1,178	36.3
<b>All managers</b>	<b>717</b>	<b>209</b>	<b>926</b>	<b>22.6</b>	<b>1,307</b>	<b>732</b>	<b>2,039</b>	<b>35.9</b>	<b>2,024</b>	<b>941</b>	<b>2,965</b>	<b>31.7</b>
Active staff members not including managers	4,686	4,394	9,080	48.4	4,729	5,832	10,561	55.2	9,415	10,226	19,641	52.1
<b>All active staff members, managers and employees in the passive phase of partial retirement<sup>3</sup></b>	<b>5,512</b>	<b>4,980</b>	<b>10,492</b>	<b>47.5</b>	<b>6,077</b>	<b>6,855</b>	<b>12,932</b>	<b>53.0</b>	<b>11,589</b>	<b>11,835</b>	<b>23,424</b>	<b>50.5</b>
<b>2020</b>												
<b>Total members of the Board of Management/managing directors<sup>2</sup></b>	<b>55</b>	<b>4</b>	<b>59</b>	<b>6.8</b>	<b>70</b>	<b>11</b>	<b>81</b>	<b>13.6</b>	<b>125</b>	<b>15</b>	<b>140</b>	<b>10.7</b>
Tier 1 managers	168	26	194	13.4	200	81	281	28.8	368	107	485	22.5
Tier 2 managers	403	104	507	20.5	510	276	786	35.1	913	380	1,293	29.4
Tier 3 managers	164	72	236	30.5	545	331	876	37.8	709	403	1,112	36.2
<b>All managers</b>	<b>735</b>	<b>202</b>	<b>937</b>	<b>21.6</b>	<b>1,255</b>	<b>688</b>	<b>1,943</b>	<b>35.4</b>	<b>1,990</b>	<b>890</b>	<b>2,880</b>	<b>30.9</b>
Active staff members not including managers	4,787	4,481	9,268	48.3	4,545	5,553	10,098	55.0	9,332	10,034	19,366	51.8
<b>All active staff members, managers and employees in the passive phase of partial retirement<sup>3</sup></b>	<b>5,622</b>	<b>5,040</b>	<b>10,662</b>	<b>47.3</b>	<b>5,829</b>	<b>6,577</b>	<b>12,406</b>	<b>53.0</b>	<b>11,451</b>	<b>11,617</b>	<b>23,068</b>	<b>50.4</b>
<b>2019</b>												
<b>Total members of the Board of Management/managing directors<sup>2</sup></b>	<b>56</b>	<b>4</b>	<b>60</b>	<b>6.7</b>	<b>69</b>	<b>11</b>	<b>80</b>	<b>13.8</b>	<b>128</b>	<b>14</b>	<b>142</b>	<b>9.9</b>
Tier 1 managers	166	27	193	14	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
Tier 3 managers	189	78	267	29.2	526	343	869	39.5	715	421	1,136	37.1
<b>All managers</b>	<b>769</b>	<b>200</b>	<b>969</b>	<b>20.6</b>	<b>1,214</b>	<b>660</b>	<b>1,874</b>	<b>35.2</b>	<b>1,983</b>	<b>860</b>	<b>2,843</b>	<b>30.2</b>
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
<b>All active staff members, managers and employees in the passive phase of partial retirement<sup>3</sup></b>	<b>5,597</b>	<b>5,036</b>	<b>10,633</b>	<b>47.4</b>	<b>5,670</b>	<b>6,521</b>	<b>12,191</b>	<b>53.5</b>	<b>11,267</b>	<b>11,557</b>	<b>22,824</b>	<b>50.6</b>

<sup>1</sup> Comprises the entire Talanx Group including the Hannover Re Group.<sup>2</sup> Members of the Board of Management with multiple functions are only counted once.<sup>3</sup> Inactive employment relationships.

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE (GERMANY<sup>1</sup> AND REST OF WORLD<sup>2</sup>)

	Number	Male %	Female %	30 or younger %	30–50 %	Over 50 %
<b>2021</b>						
<b>Germany</b>						
Managers	783	77.5	22.5	0.6	54.4	45.0
Employees	8,175	50.9	49.1	9.7	50.8	39.5
<b>Total</b>	<b>8,958</b>	<b>53.2</b>	<b>46.8</b>	<b>8.9</b>	<b>51.1</b>	<b>39.9</b>
<b>Total rest of world</b>	<b>9,691</b>	<b>46.8</b>	<b>53.2</b>	<b>16.6</b>	<b>66.1</b>	<b>17.3</b>
<b>2020<sup>3</sup></b>						
<b>Germany</b>						
Managers	793	78.7	21.3	0.5	55.1	44.4
Employees	8,401	51.1	48.9	10.2	51.1	38.7
<b>Total</b>	<b>9,194</b>	<b>53.5</b>	<b>46.5</b>	<b>9.4</b>	<b>51.4</b>	<b>39.2</b>
<b>Total rest of world</b>	<b>8,968</b>	<b>46.4</b>	<b>53.6</b>	<b>17.3</b>	<b>65.9</b>	<b>16.8</b>
<b>2019<sup>3</sup></b>						
<b>Germany</b>						
Managers	827	80.3	19.7	0.2	54.7	45.1
Employees	8,410	50.7	49.3	10	51.8	38.2
<b>Total</b>	<b>9,237</b>	<b>53.4</b>	<b>46.6</b>	<b>9.1</b>	<b>52.1</b>	<b>38.8</b>
<b>Total rest of world</b>	<b>8,331</b>	<b>46.4</b>	<b>53.6</b>	<b>18.6</b>	<b>66.2</b>	<b>15.2</b>

<sup>1</sup> Comprises the active core workforce (excluding the Hannover Re Group).

<sup>2</sup> The percentage distribution was calculated on the basis of data supplied by the foreign companies covered. 2021: Excluding France and Switzerland, 2020: Excluding the USA; Pland (TU Europa); 2019: Excluding Belgium, Poland (TU Europe), Switzerland, UK, Hungary and the USA.

<sup>3</sup> The adjustment of the reported prior-year figures is based on the update of historical data.

**GRI 103-3** Other key formats that were successfully implemented involved employee participation. A large number of round tables attended among other people by members of the Board of Management, think tank meetings and an campaign involving the Group's innovation workshop were held in 2021. The results were incorporated into the enhancements made to the diversity, equity and inclusion strategy. Other ideas developed there are being successively implemented. The Talanx Group is using "focus months" to offer a range of activities on different dimensions of diversity. In the reporting period these included sexual orientation (Pride Month), ethnic origin/nationality and social origin. These activities will be continued for additional diversity dimensions in 2022.

Unconscious bias training was introduced at the beginning of 2021. All human resources staff and a large proportion of the Company's managers have already completed these courses. What is more, all employees in Germany have been eligible for this training since November 2021. It is also being used as the basis for anti-racism training and additional diversity training courses that will be rolled out in 2022. Moreover, a large number of diversity workshops were held with managers, units and teams. Additional diversity training offerings are also being planned for the coming years.

Employee networks also provide valuable input on how to achieve an inclusive working environment. In addition to the Group's women's network, an international LGBTIQ\* network (pride@hdi), the HDI Starters Network for vocational trainees and students, and a Safe(r) Space for and by Black People (B) and People of Colour (PoC) were

formed in 2021. Additional employee networks are already being planned. Members of the Group Board of Management have explicitly assumed the role of sponsors for the Women@Talanx and pride@hdi employee networks. In addition, for example, the Board of Management members at HDI Deutschland AG have all become sponsors for different diversity dimensions.

**GRI 406-1** Talanx is committed to creating a working environment that is free from bullying, harassment, victimisation and discrimination, that calls on dignity and respect for all, and that accepts and values individual differences and the contributions made by all employees in equal measure. The Group does not tolerate any cases of discrimination due to age, physical or mental abilities, gender and gender orientation, ethnic origin and nationality, social origin, religion or belief, sexual orientation, medical condition, other legally protected factors, or any other reason. The Group investigates all suspicions of discrimination and takes all necessary steps to sanction cases of discrimination and develop measures to put a stop to such behaviour. The Talanx Group adopts a zero tolerance policy towards all forms of discrimination. At the same time, it actively encourages moral courage among its employees. Nobody in the Talanx Group should have to fear any consequences if they stand up for equality, fairness and respect and against discrimination. There were no cases of discrimination that would have required disciplinary consequences in 2021.



## Responsibility to customers

**GRI 103-1** Responsibility to customers addresses customer matters and the measures taken here have a significant influence on customer satisfaction, which in turn is decisive for the Talanx Group's success. Easy-to-understand information about insurance solutions, financial incentives in the remuneration system for providing fair sales advice, and rapid, transparent claims processing are all material for the Talanx Group in this topic area.

Meeting customer needs is a top priority. Key elements in addition to high-quality advice are transparency, fairness and innovative, customer-oriented products and services.

**GRI 103-2 | 417-1** The Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) imposes extensive customer information requirements on the insurance industry in Germany, for example. The Talanx Group complies with these in full.

**GRI 417-2 | 417-3 | 419-1** No cases were known 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 failures to comply with regulations or voluntary codes relating to advertising.

Binding regulations on sustainability-related disclosures in the financial services sector (known as the Sustainable Finance Disclosure Regulation – SFDR) came into force on 10 March 2021. This legislation establishes obligations with respect to undertakings, products and intermediaries:

- Companies must provide information about sustainability.
- Sustainability information must be included in the descriptions of certain products (insurance-based investment products (IBIPs), occupational retirement provision schemes, Riester pension products and basic pension products).
- Insurance intermediaries must provide sustainability information both in general and when providing advice on specific products. Here, too, the Talanx Group complies with the necessary requirements.

Above and beyond this, providing easy-to-understand information about insurance solutions is a key component of the Code of Conduct for Insurance Distribution produced by the German Insurance Association (GDV), to which the relevant HDI Germany companies have signed up. The revised Code aims to present a sector-wide standard for fair, needs-driven customer advice. For example, one of the principles 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. Group companies comply with this principle by, for example, ensuring clarity and understandability in the retail business; this is achieved using a product/consumer information sheet in particular. 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 implementation of the EU's Insurance Distribution Directive (IDD), manufacturers of insurance products have to comply with more extensive supervisory and management requirements. The companies in the Retail Germany Division comply with these. Products are developed using standardised creation and consultation processes, including uniform readability specifications. The bancassurance companies have also implemented the clarity and understandability guidelines for insurance products contained in the GDV's Code of Conduct, and have supplemented them by brand-specific requirements. For example, in some cases bank partners' requirements already exceed those contained in the Code of Conduct.

Another principle sets out that all recommendations made must reflect customers' objectives, wishes and needs. The Group accommodates this by obliging its tied agents and the banks and other partners with which it works to put determining customer needs at the heart of their brokerage activities during consultations. The contracts for tied agents require these to comply with HDI's Basic Code for Insurance Agents, whereas the contracts for brokers/non-exclusive agents refer to the basic tenets underscoring the GDV Code of Conduct or an alternative, vetted broker code.

In addition, consultations have to be carefully documented using standardised report forms. This is monitored by Complaints Management. Confirmation from customers that they have received a record of the advice provided or (exceptionally) that they have expressly waived such a record is an integral part of the application/contract documentation. The standardised digital sales processes used by HDI also provide for a consultation document to be drawn up and made available to customers.

**GRI 103-3** Giving customers easy-to-understand information and focusing on their needs are components of independent reviews and audits. In 2016, the Talanx Group introduced a compliance management system aimed at ensuring that the Code is properly implemented at HDI Versicherung AG, HDI Lebensversicherung AG and the bancassurance companies. This is regularly recertified by independent auditors in accordance with audit standard IDW PS980. In the area of payment protection insurance, the sector implemented additional transparency standards and consumer rights at the beginning of 2018 as part of the introduction of new statutory requirements: among other things, consumers are now actively informed that payment protection insurance is voluntary and is not a precondition for being granted a loan. Consumers have the right and the opportunity to terminate the agreement at any time throughout its life.

Additionally, the GDV and the banking associations are developing voluntary undertakings designed to further increase transparency. The banking partners for the Group's bancassurance companies (e.g. Hamburger Sparkasse AG, Postbank – a branch of DB Privat- und Firmenkundenbank AG and TARGOBANK AG) are already working on disclosing to customers not just the loan instalment payment but also, for comparative purposes, the loan instalment payment that would be due if no payment protection insurance were payable. 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.



1 July 2022 will see the entry into force of the commission cap which limits commission payments to bank partners to 2.5% of the net loan (i.e. not including interest and the residual debt insurance amount). This will also result in tangible reductions in premiums for customers at all bancassurance companies.

The Group aims to provide customers with fair, transparent service. To ensure this, it constantly examines how it can continue to improve the advice that it provides.

The GDV Code of Conduct for Insurance Distribution emphasises the importance of having qualified sales intermediaries and focuses on their continuing professional development. With respect to remuneration, the GDV Code of Conduct notes that additional remuneration above and beyond the contractual fee arrangements cannot be allowed to negatively affect either the intermediary's independence or customer interests.

The Talanx Group implemented the requirements of the EU's Insurance Distribution Directive (IDD), including the related Delegated Acts and the various transpositions of the IDD into national law, on schedule in 2018.

Talanx's Group-wide Code of Conduct sets standards for fundamental legal and ethical behaviour at all levels of the Group. The ["Being Fair in Competition"](#) section includes a clear commitment to the obligation to comply with competition and antitrust law. This means that sales compliance is also covered by the Code, and is therefore also the subject of extensive compliance training.

The HDI Germany Compliance Steering Committee is the core steering and oversight body both for the compliance management systems that are used by those companies that have signed up to the GDV Code of Conduct and for the implementation of the requirements relating to material risk takers in the Retail Germany Division resulting from the transposition of the IDD into national law and the relevant national legislation.

To ensure that intermediaries have the necessary qualifications and expertise required for advising customers, the Talanx Group companies concerned are active in the "Gut beraten – Weiterbildung der Versicherungsvermittler in Deutschland" initiative, which was set up by the GDV and the associations representing intermediaries in the German insurance industry. All tied agents are contractually required to take part.

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.

The Talanx Group implemented the requirements of the EU's Insurance Distribution Directive and the associated Delegated Acts by the required deadline. As regards the issue of 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 any such incentives being offered to intermediaries. Existing

remuneration rules and competitive tenders were reviewed on an on-going basis and adapted – where this was considered necessary – to ensure they meet the statutory requirements. The independence of insurance intermediaries is guaranteed.

The Retail Germany Division reviewed the provisions on additional remuneration in all its existing agreements. Where necessary, the companies drafted new sample agreements and drew up clear rules redesigning additional remuneration.

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 the HDI companies were successfully certified as compliant for the first time. 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.

**GRI 102-43** National and international Group companies use a variety of instruments to poll customer satisfaction – from their own customer satisfaction surveys at various customer contact points through external assessment tools down to specialist conferences and the stakeholder dialogues that form part of their sustainability management activities. These are explained in more detail below.

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.

Since 2013, HDI Germany companies have tracked customer loyalty during customer satisfaction surveys in property insurance for the areas of homeowners' insurance claims and motor hull insurance using the net promoter score (NPS) and net satisfaction. This approach has been successively expanded to cover all areas, including life insurance and bancassurance.

In addition to simply measuring customer satisfaction data and identifying potential improvements, employee attitudes to customers were examined and optimised in 2018 using the "Damage Service Story".

Since 2020, the topic has been given additional weight through its integration in the "Customer Focus" thread of the "GO25" programme. Transaction-based measurements are being constantly harmonised and expanded across division boundaries with the aims of permitting an overall view of the Company, continuously monitoring the customer journeys involved and improving the customer experience.

In addition, a large number of companies perform their own customer satisfaction surveys for their own areas, which are channelled via 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, casualty and property claims unit and its motor vehicle claims unit. In addition to the regular satisfaction survey, 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 "HDI CRM" and the "Studio" software component that has been implemented as part of this, customer satisfaction surveys that do not involve external service providers are being piloted in the claims units.

In the future, the plan is for all other HDI Germany departments to perform in-house customer satisfaction surveys. Customer service and call centre operations also already measure the net promoter score and customer satisfaction at the bancassurance units. What is more, neue leben uses a regular survey to measure satisfaction at partner, shareholder and other cooperating savings banks.

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. The Talanx Group also uses the dialogue with stakeholders during its sustainability management activities to gather feedback and identify the material challenges currently facing it.

In view of the coronavirus pandemic, HDI Lebensversicherung AG, HDI Versicherung AG and the bancassurance companies introduced a "coronavirus pause". Customers in economic difficulty could apply for the premiums due under an existing policy to be modified, suspended or deferred, with full insurance cover remaining in place. In addition, HDI Versicherung AG offered free mobility protection, among other things, for customers who were front-line workers, plus special private accident insurance benefits. The bancassurance companies prolonged or increased their payment protection insurance benefits in the case of statutory loan payment holidays. In addition, almost all companies took short-term working into account when calculating grace periods for unemployment insurance. These arrangements expired in financial year 2021.

## Human rights and supply chain

**GRI 103-1** Human rights are a material topic for the Talanx Group. The information given below primarily relates to the adherence to and observance of human rights in the Group and along its supply chain.

**GRI 103-2** As a global Group, the Talanx Group takes its responsibility to customers, investors, employees and business partners seriously when it comes to complying with applicable laws, conventions and regulations, to observing human rights and to actively supporting employee rights. The following disclosures also serve to create transparency pursuant to section 54(5) of the UK Modern Slavery Act 2015, to the extent that this applies.

**GRI 412-1** In the past financial year, the Talanx Group rolled out its Code of Conduct, which had been expanded to include compliance with human rights, worldwide to all Group employees. The rules make clear that nobody in the Group may be forced in any way to work through violence or intimidation. All forms of involuntary labour, child labour and human trafficking are expressly prohibited, as are other forms of employee abuse. Fairness, politeness and respect for individuals' dignity and personal rights are key principles that are enshrined in the Group's Code of Conduct and form the basis for how people interact with each other.

**GRI 103-3** The Talanx Group uses a range of tools to ensure adherence to human rights along the supply chain, which are monitored by the divisions responsible. In addition to internal rules such as those set out in the Code of Conduct and Talanx's whistle-blowing system, the Talanx Group has drawn up a Code of Conduct for Business Partners, which is designed to oblige external partners to comply with human rights. The Group's whistle-blowing system is accessible to all via the Company's website and therefore also serves to prevent or avoid any human rights risks along the supply chain ([Anti-corruption and bribery matters](#)). The Talanx Group is already focusing on the new due diligence obligations that will apply from 2023 onwards when the German Supply Chain Due Diligence Act (LkSG) enters into force, and that are designed to uncover and reduce human rights risks.

**GRI 407-1 | 408-1 | 409-1** By signing up to the UN Global Compact, Talanx has undertaken to comply with international human rights. The first six of the initiative's principles cover respect for human rights and the implementation of labour standards (the ILO core labour standards). The Group's decision to support the UN Global Compact committed it not only to supporting international human rights but also to ensuring freedom of association, eliminating forced labour and child labour, and taking steps to prevent employee discrimination. The Talanx Group also supports the United Nations' 17 Sustainable Development Goals (SDGs), focusing on in particular on those topics to which it can make concrete contributions. In the human rights and supply chain area, these include SDG 5, Gender Equality, and SDG 8, Decent Work and Economic Growth.

Activities relating to respect for human rights in the supply chain are mainly performed by the Supplier Management function ([Supplier management](#)). In addition, the Talanx Group takes human rights aspects into account in its investment and underwriting activities ([Social matters in asset management and underwriting](#)). The Group has established decision-making bodies, such as the Responsible Investment Committee (RIC) and the Responsible Underwriting Committee (RUC) for this; these meet on a regular basis and include Board of Management members among their participants. Talanx's diversity management activities also include human rights aspects ([Diversity](#)).

## Metrics and targets

The following table provides a summary of the key objectives and measures for the Talanx Group's social aspects described above.

### GOALS AND MEASURES: SOCIAL MATTERS

Area	Goal	Key measures	Scope	Status in 2021
Social matters in asset management and underwriting	Enhance social responsibility in investments	ESG screening of investment portfolio	Group-wide	Ongoing
		Exclude issuers that do not comply with social criteria	Group-wide	Ongoing
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	Ongoing
	Enhance social responsibility in underwriting	Include social criteria when underwriting risks	Group-wide	Ongoing
Expand insurance cover for previously inadequately insured sections of the population		Hannover Re	Ongoing	
Corporate citizenship	Fulfil the Company's social responsibility	Support charitable projects and social initiatives	Group-wide	Ongoing
		HDI Foundation sponsored projects	HDI Group Germany	Ongoing
Talanx as an employer	Improve work-family balance	Flexible working time models	HDI Group Germany	Ongoing
		Expand support provided for childcare	HDI Group Germany	Ongoing
		Expand support provided for long-term care of relatives	HDI Group Germany	Ongoing
	Promote employee health	HDI Health Year with customised offerings on specific topics	HDI Group Germany	Ongoing
		(Medical) advice for employees and addiction prevention	HDI Group Germany	Ongoing
	Internationality	International programmes, shadowing opportunities and secondments abroad	Group-wide	Ongoing
	Performance-related pay	Assign positions to salary bands set out in collective agreement for the insurance industry	Group-wide	Ongoing
		Use Hay job evaluation method for management functions	Group-wide	Ongoing
	Cultural transformation	New Work Campus with a variety of virtual formats	HDI Group Germany	Ongoing
		Implement the Organisational Health Check (OHC) global employee survey	Group-wide	Ongoing
Employee recruitment and development	Optimise CPD measures for specialists and managers	"Together Leadership Journey" for enhancing leadership skills	Group-wide	Ongoing
		Leadership Circle	HDI Germany	Performed/held/done for first time
		Promote a new culture of learning	HDI Group Germany	Performed/held/done for first time
		Introduce New Work using the New Work Campus	HDI Group Germany	Performed/held/done for first time
Recruit young talent	Participate in careers fairs	HDI Group Germany	Ongoing	
Strengthen employer brand	HR podcast, closely targeted campaigns	HDI Group Germany	Ongoing	
Diversity	Increase diversity at all levels of management, especially with respect to women	Networking, mentoring programme and extended seminar offering designed to empower women	Group-wide	31.7%
	Promote diversity and equal opportunities	Promote a non-discriminatory working environment e.g. through training to prevent unconscious bias, racism and discrimination	HDI Group Germany	Ongoing
Responsibility to customers	Enhance customer dialogue	Easy-to-understand information about insurance solutions	HDI Germany	Ongoing
Human rights and supply chain	Maintain compliance with human rights due diligence	Develop and define due diligence obligations in preparation for the German Supply Chain Due Diligence Act	Group-wide	Performed/held/done for first time



- **Talnax introduces new Board of Management remuneration system that integrates ESG aspects**
- **Group-wide Sustainability Expert Network established at Talnax**
- **Supplier management expanded to include the capture, measurement and monitoring of significant sustainability criteria**

## Governance

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# Governance

## Corporate governance

An effective, Group-wide corporate governance policy plays a key role in ensuring responsible corporate management based on sustainable value creation. It provides the framework for corporate management and control. This includes the enterprise's organisation and values, plus the principles that govern how it does business and its guidelines.

**GRI 102-1 | 102-3 | 102-5** Talanx AG, as a listed company based in Hannover, is governed by German stock corporation and capital markets law, and by the German Co-determination Act (MitbestG). In line with this, the Company's three governing bodies – the Board of Management, the Supervisory Board and the General Meeting – are the Group's top-level management/governance structures.

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](#).

**GRI 102-25** The transparency requirements and the control between the Board of Management, Supervisory Board and the General Meeting that are required by law, the Articles of Association and the Rules of Procedure for the Supervisory Board help serve to prevent conflicts of interest.

**GRI 102-18 | 102-23** Talanx AG has a two-tier board structure. The Supervisory Board appoints, oversees and advises the Board of Management. It is directly involved in decisions of fundamental importance and co-operates closely with the Board of Management in the Company's interests. However, the Supervisory Board does not perform any management functions, in line with the two-tier corporate governance system in which a deliberate distinction is made between oversight and management.

Pursuant to Germany's MitbestG, Talanx AG's Supervisory Board consists of 16 members who are drawn equally from shareholder and employee representatives.

**GRI 102-22** The Supervisory Board has established four permanent committees to discuss topics of material importance. These include the effectiveness of the internal control system and of the risk management and internal audit system, plus measures relating to environmental, social and governance aspects.

As stated in the Declaration of Compliance, the Supervisory Board also complies with the requirements of the German Corporate Governance Code (the Code) as regards its independence. The members of Talanx's Board of Management are jointly responsible for conducting the Company's business.

The governance structure has been designed as a cascade that stretches from the Board of Management to the senior management teams. In addition, the Board of Management has established a number of committees. These are intended to promote information sharing within the Group, speed up decision-making and support an entrepreneurial mindset within the Group as a whole.

**GRI 102-16** The Talanx Group's Code of Conduct sets out basic principles and standards of behaviour. These regulate how employees should treat one another and how they should deal with customers, competitors, shareholders, business partners, government bodies and supervisory authorities, and society as a whole. The Code aims to promote an open, pluralistic and integrative environment in which all employees understand what the Talanx Group expects of them. At the same time, it serves as the basis for internal policies, and assists both in complying with the law and regulatory requirements and in implementing the Talanx Group's Purpose.

The Board of Management remuneration system was reviewed and comprehensively revised, and was approved by the 2021 General Meeting as required by the Shareholder Rights Directive II (German Act Implementing the Second Shareholder Rights Directive – ARUG II). It serves as the basis for the Supervisory Board's determination of the total remuneration for individual Board of Management members.

**GRI 102-35** In addition to the regular vote by the General Meeting on the remuneration system, shareholders can ask questions of, and



make comments to, the Company on the remuneration paid to the members of the Board of Management every year in the General Meeting, when the remuneration report is submitted, and can pass a consultative vote on the remuneration system (“say on pay”).

The Talanx Group has set itself the goal in this context of aligning the Board of Management remuneration even more closely with publicly communicated financial and non-financial targets and the shareholder return, and to report on it transparently. The Supervisory Board is assisted by the Personnel Committee, one of its four standing committees. The new remuneration system has applied to all Board of Management members since 1 January 2021 ([Board of Management remuneration](#), p. 16ff.). It meets the amended statutory and regulatory requirements and the recommendations of the German Corporate Governance Code. The structure of the remuneration system is now more transparent and easily understood thanks to the reduction in the number of criteria for the variable remuneration components and the focus on a small number of core financial and non-financial performance criteria that are derived from the Group strategy. As in the past, the main thrust is on the importance of the variable remuneration and on reinforcing the principle of pay for performance. In addition, the Board of Management remuneration is now aligned even more closely with the interests of the Talanx Group’s investors as a result of a more pronounced share component thanks to the use of a performance share plan and the measurement of the relative performance of Talanx’s shares compared to selected competitors. In addition, the introduction of malus and clawback rules allows variable remuneration to be reduced or recovered in the case of serious breaches of compliance. The Board of Management members receive a fixed and a variable salary component. In order to reinforce the principle of pay for performance, the target direct remuneration (the sum total of the fixed remuneration and the target amounts for variable remuneration components) is broken down into 40% fixed remuneration and 60% variable remuneration components. The latter comprises two components – a short-term incentive (STI) and a long-term incentive (LTI) with a performance period of four years – and primarily reflects the degree to which Group, divisional and individual targets have been achieved. The remuneration structure is aligned with the Talanx Group’s sustainable long-term development. The STI accounts for 40% of the variable remuneration components and hence contributes 24% of target direct remuneration. The LTI, which accounts for 60% of the variable remuneration components, contributes 36% of target direct remuneration.

**GR1 405-1** Talanx AG also follows the principle of diversity in the composition of its Board of Management and Supervisory Board. Factors include, in particular, candidates’ age, gender, education and professional experience, as well as their specialist skills and personal attributes (expertise). The broad range of skills, knowledge and relevant experience offered by the members of the Board of Management and Supervisory Board allows them to make a nuanced assessment of the opportunities and risks associated with the Company’s business operations and to adopt a balanced and professional approach, including to decision-making, on the basis of that assessment. Diversity is considered to an appropriate extent when making appointments to the Board of Management and the Supervisory Board. Talanx AG’s Supervisory Board is required by law to consist of a minimum of 30% women. It comprises more than 30% women both when taken as a whole and when broken down by employee and shareholder representatives. At present, the Supervisory Board has five female members. One woman sits on each of the Nomination Committee, the Finance and Audit Committee and the Personnel Committee. A female member is to be appointed to Talanx’s Board of Management as of 1 May 2022, meaning that the target of appointing at least one woman by June 2022 will be met.

**GR1 102-24 | 102-35 | 201-3** Further information on corporate governance in general can be found in [Talanx AG’s Corporate Governance Principles](#) and its [Articles of Association](#), and in the [Corporate Governance](#) (p. 95ff.) section of the Group Annual Report. Information on the Talanx Group’s pensions and other post-employment benefits is to be found in the Group Annual Report (see the section entitled [Provisions for pensions and other post-employment benefits](#) on page 204ff.). The remuneration report and the auditor’s report on the audit of remuneration report can be found on the [Investor Relations](#) section of the Talanx AG website.

## ESG governance

The Talanx Group again strengthened its sustainability governance in 2021 so as to make even more efficient progress in all four strategic target dimensions of its sustainability strategy.

Firstly, the Group enhanced its sustainability credentials by deciding to integrate sustainability aspects in the new remuneration system for the Board of Management with effect from financial year 2021 and by tying part of the Board of Management’s variable remuneration to concrete sustainability goals being reached (📄 [Remuneration report](#), p. 16ff.).

**TCFD** Secondly, the Sustainability unit was moved to become part of the Group Strategy function, which reports to the Chairman of Talanx AG’s Board of Management. This new organisational positioning once again underscores sustainability’s significance and strategic importance for the Talanx Group. The expanded Group Strategy & Sustainability function will continue the sustainability management work done to date and, going forward, will serve as the hub for co-ordinating and enhancing existing sustainability activities and for launching new ones.

In addition, it will work with the Group’s newly formed, overarching “Expert Sustainability Network” to provide support for the Group’s operating units throughout the world in incorporating the Group’s strategic sustainability approach and guidelines into their business processes. Goals here include not only ensuring a holistic, long-term sustainability strategy but also establishing comprehensive governance and hence further facilitating internal networking on this topic. In line with this, defined core processes are being used to structure information sharing with central functions, divisions and local Group companies within the Sustainability Network. These processes serve to create transparency as to external requirements and to translate these as efficiently and effectively as possible into business activities.

Above and beyond the Expert Network, information is regularly shared within the Group via a number of working groups on specific ESG topics. At business segment level, the designated sustainability managers are responsible for coordinating sustainability topics across the different functions, and for implementing and reporting on them within their individual segments.

**GRI** 102-18 | 102-20 | 102-26 | 102-29 | 102-31 | 102-32 | **TCFD** In addition, two core sustainability bodies have been established in the form of the Responsible Investment Committee (RIC) and the Responsible Un-

### Talanx aligns Board of Management remuneration with sustainability goals

The German Act Implementing the Second Shareholder Rights Directive (ARUG II) changed the rules governing listed German companies and incorporated them into the German Stock Corporation Act (AktG). As a result, listed companies are required to prepare a separate annual remuneration report for their boards of management and supervisory boards. The reports must be published for at least ten years on the companies’ websites.

The Talanx Group used the opportunity offered by the changes to expand its remuneration system for the Board of Management in 2021 to include non-financial ESG aspects. These aspects are now included in the variable remuneration for the Board of Management. By linking the issues in this way, the Group is strengthening the implementation of ESG aspects in its investment and underwriting activities and its branches as a core components of its corporate strategy.

The remuneration system for the Board of Management gives the Supervisory Board a governance system that it can use to measure remuneration by the extent to which targets for implementing ESG criteria are met.

📄 [Remuneration report, Group Annual Report, page 16](#)

The new Board of Management remuneration system introduces clear sustainability requirements that we can be measured against.

■ **Torsten Leue**, Chairman of the Board of Management.



derwriting Committee (RUC), which are each headed by a Board of Management member. These committees regularly monitor the integration of sustainability aspects with all core processes relating to insurance and investment decisions, as set out in the strategy. Ownership of the topic of sustainability rests with Talanx AG's full Board of Management. The Board of Management's [Sustainability Commitment](#) underscores the fact that the Group's focus includes long-term developments, highlighting the relevance of climate change for the Talanx Group's core business, among other things. In line with this, the Board of Management regularly examines the current implementation status of the sustainability strategy, the sustainability goals and strategic action areas, and the sustainability report during the year. In the process it discusses both ESG-related opportunities and risks and the environmental and social impacts of the Talanx Group's business activities.

What is more, the Talanx Group underlines its sustainability and transparency credentials through its voluntary undertakings to comply with internationally recognised principles, frameworks, initiatives and ESG reporting standards, and the Sustainability Commitment.

In its core business, the Talanx Group has signed up to the United Nations' Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI). These are the world's two leading standards/sets of principles for integrating sustainability criteria in these areas.

In addition, the Talanx Group has joined the UN Global Compact (UNGC) – the world's largest initiative for good corporate governance. The Group is steadily driving forward implementation of the Global Compact's Ten Principles and guidelines in the areas of human rights, labour standards, the environment and anti-corruption. When it signed up to the UNGC, the Group committed to promoting the United Nations' general objectives, and in particular its 17 Sustainable Development Goals (SDGs).

In the area of ESG reporting, transparency and high-quality data are key priorities for the Talanx Group. As a global insurance undertaking, the Group therefore focuses on the Global Reporting Initiative (GRI) requirements, which have established themselves as one of the main ESG reporting standards worldwide. This alignment with an established global standard also permits transparency as to sustainability performance, both within and across individual sectors.

Additionally, the Talanx Group is increasingly aligning itself with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). However, this global reporting initiative for climate-related financial risks and opportunities is more than just another well-established standard for ESG reporting at the Talanx Group. Whereas standards such as the GRI help to understand companies' impact on climate change, the TCFD focuses on the impact that climate change is having on companies, and the resulting financial risks. As such, the recommendations are primarily forward-looking and provide important insights for sustainably managing the Group.

Last but not least, the fact that its non-financial reporting is voluntarily reviewed by an independent auditor underscores the importance that the Talanx Group places on reporting.

## Digital transformation, cybersecurity and data protection

### Digital transformation

**GRI 103-1** Digital transformation and the resulting potential for both innovation and disruption are changing customers' and business partners' expectations of what insurers do and the services they provide, and hence are a constant driver for change in the sector. As a result, digital transformation is a strategic focus issue at the Talanx Group and a component of its Group strategy. Digital transformation is relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. The Group is guided in this process by the needs of its customers, business partners and suppliers. During the coronavirus pandemic in particular, the far-reaching digital transformation of the Talanx Group's business processes and structures, especially at the interfaces to its customers and business partners, proved to be a positive differentiating factor.

**GRI 103-2** In this context, the Talanx Group's decentralised structure ensures that the digital transformation measures taken meet the specific needs of customers and partners in the markets concerned.

**GRI 103-3** The Group holding company provides targeted support for digital innovation via best practice labs. Examples include international cooperation in the Group Digital Lab and AI & BE Lab, scaling up innovative best practices using "agile desks" and entering into scouting and market intelligence partnerships with both start-ups and established technology firms. In addition, regular events are organised to present innovative approaches originating in the insurtech scene to the Talanx Group's operating units and to prepare for pilot installations.

One key focus is on upgrading its IT and systems environment to provide a basis for ongoing automation and process digitalisation ("get ready"). The other two focus areas are content-related: data analytics, which revolves around artificial intelligence and behavioural economics ("get skills"), and ecosystems and partnerships ("get bundled").

Given the dynamic development and in particular the structural changes resulting from the ongoing process of digital transformation, data protection, information security and cybersecurity have a key role to play.

## Cybersecurity and data protection

**GRN 103-1 | 103-2** In an increasingly networked and global world, information and data are exposed to a large number of risks, threats and other unpredictable challenges. Information is an important asset for an insurance company's operations and needs protecting. It is the basis for its daily work and underpins a wide range of business processes. Insurers have a particular responsibility when it comes to protecting information and IT systems used to provide services to policyholders.

Customer data account for a large proportion of the data that have to be protected. In particular, policyholders' personal data are needed during the application process, to provide advice, in underwriting, in customer and contract services, and in claims and payment management, and must be processed responsibly and in accordance with the law. All divisions, Group departments and individual employees are responsible for ensuring this is the case.

However, there is also considerable interest in sensitive data outside the Talanx Group, for example in the context of industrial or corporate espionage targeting industrial clients, obtaining personal information about retail policyholders, or downloading employee details for improper use. This is why the Talanx Group invests in information security and cybersecurity, both to protect technologies, assets and critical services and to preserve its reputation and avoid damage or financial losses due to unauthorised access to its systems and data. Consequently, information security is a critical competitive advantage today, as well as being the prerequisite for successful digital transformation.

Data protection combines the technical aspects of cybersecurity/information security with organisational and process-based issues relating to personal data processing. In this context, information security/cybersecurity also always involves ensuring technical data protection and represents a material component of the appropriate technical and organisational measures required under the General Data Protection Regulation (GDPR).

The Group-level Security and Data Protection units are independent of one another but work closely together. They share common ground as regards both technical security aspects and the sensitive treatment of data and information. These values are reflected in particular in the restrictive use of data and information, which are only processed for their intended purpose. This applies even though data are the foundation of the Talanx Group's business and are needed in large volumes and high quality in an era that is dominated by artificial intelligence and machine learning. The Group considers data protection and cybersecurity first and foremost as adding value, since new technologies, processes and handling methods will only prove successful if they comply with data protection and security requirements right from the start. This is also why the Group is working continuously to improve and expand internal processes including information security, cybersecurity and data protection aspects throughout the entire value chain.

Preventive measures are designed to reduce the risk of data protection and security breaches. An annual web-based training course is held and additional regular, long-term training and awareness measures for information security and data protection, which are tailored

to specific target groups, are taken. The goal of the awareness measures is to ensure that all employees have a fundamental understanding of the importance of information, of the threats to it and of data protection, and to show them how to take a security-conscious approach to their daily work.

The Talanx Group regularly trains its employees, managers and senior management on, and raises their awareness of, data protection and security matters in their day-to-day work. The training courses are based on current data protection requirements and threat scenarios. The Talanx Group specifies the training content and frequency for key service providers. An up-front clarification process has already been established by the Business Organisation function as a precondition for introducing new applications and software at the Group; this brings together the relevant stakeholders (Security, Risk Management, Data Protection, Human Resources/Works Council) in a single release procedure. Applications and software are examined and assessed on a risk-driven basis and appropriate measures taken as a result to guarantee the security of the personal data collected, stored, processed and disseminated from and on behalf of customers. The Group uses individual recognition strategies and well thought-out response and contingency plans to protect customer data and assets, and to repel attackers from cyberspace. This permits any damage suffered to be minimised and countermeasures to be taken to ensure that systems are restored rapidly and in full. The primary objective is to ensure that the Group's systems are not exposed to any security breaches or to potential data protection and security risks.

### Cybersecurity

Ensuring that information is processed correctly is a material goal of the Talanx Group's business activity, as is averting hazards that threaten the integrity, availability, confidentiality and authenticity of this information. Understanding the various cybersecurity threats and establishing a constant, coordinated defence against them is crucial for the Group's success. This means that the objective of ensuring information security is on the same level as ensuring functionality and economic efficiency.

Information security activities need to take into account the Company's goals, the legal framework, economic criteria, information assets, cultural issues, technical possibilities and threat scenarios. The Talanx Group's strategy is to identify, treat and manage risks resulting from these factors by determining protection requirements, a process that also uses suitable risk analysis methods. This means that the Group's customers can rely on their sensitive data being handled in accordance with the latest security standards.

Aligning the Group's activities with the Three Lines of Defence model, which is an established good practice model for designing an information security organisation, is a major part of Talanx's information security strategy. The model is implemented as a binding measure when defining roles and responsibilities as part of the process of documenting information security activities, as well as during operations in practice. One of its key aspects is the separation of responsibilities for implementing operational security measures on the one hand and for prescribing rules and frameworks on the other, so as to avoid conflicts of interests.



**GRI 103-3** Established security standards and processes that are certified in accordance with ISO 27001 form the basis for a secure environment within the Talanx Group. Examples of these processes are identifying and capturing security risks and vulnerabilities, and deviations from and exceptions to security requirements, plus managing security incidents. The Security Management department and the Talanx Group's Chief Information Security Officer (CISO) are responsible for the management and control of the information security management system (ISMS) commissioned by the Board of Management. The security measures implemented and the information security management processes are examined annually during reviews and internal audits. Monitoring audits are performed annually, and a recertification audit is conducted every three years, as part of the ISO 27001 certification renewal process. The Board of Management and the boards of managements of the risk takers involved receive a quarterly security report and are informed ad hoc in critical cases. The Chief Information Security Officer reports directly to the Group CIO.

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 and are audited every two years in line with the German Act on the Federal Office for Information Security (BSIG). Information security also plays an important role in the selection of, and collaboration with, external service providers. Consequently, service providers are required to comply with, and are audited to, the same standards as internal IT services.

With respect to the process of digital transformation, the focus is on automated business processes and modern customer communication. The Talanx Group considers cybersecurity and data protection to be strategic competitive advantages here. Innovative digital solutions will be used to support this objective and must be developed in such a way that they do not have any adverse effects. This is why the Talanx Group is investing in cyber start-ups, among other things, and is supporting regional research projects on new technologies such as intercept-proof quantum communications.

## Data protection

**GRI 103-3** The data protection management system has been implemented centrally and covers the GDPR, the German Data Protection Act (BDSG) and other statutory data protection requirements. It provides end-to-end coverage of typical data handling processes in the insurance business (contract management, claims processing, and communication with sales partners and reinsurers).

Its starting point is the Group Data Protection Guidelines. These rules, which have been adopted by all German Group companies (with the exception of the Hannover Re Group) create a binding, uniform framework. The Group Data Protection Guidelines are binding on all employees, managers and senior management team members. They cover material topics such as documentation requirements, responsibilities, data protection officers and dedicated data protection coordinators, data protection monitoring and transparent data processing. All proactive and preventive measures such as training courses or ad hoc checks are aligned with these Group requirements.

The Data Protection function provides support for the senior management, specialist functions and projects on all data protection issues (access requests, deletion requests, complaints and other submissions by data subjects). In addition, all employees can contact the Data Protection department confidentially with information, suggestions and complaints. Data Protection is also the contact point for customers and business partners. The relevant internal and external contact data are published on the Group's websites and on the intranet. Data Protection is also charged with legal monitoring in the data protection area. It tracks changes in the legislation, and in decisions by public authorities and the courts and communicates them internally, and also directly implements, or triggers the implementation of, the requirements. The tasks to be performed by the data protection officer have been consolidated for all German companies within the central Data Protection function, with internal service agreements being used to integrate the companies with the function.

Like cybersecurity, data protection is part of the Group-wide internal control system (ICS). The data protection officers serve as the second line of defence in the Three Lines of Defence supervisory model. A reporting system has been implemented for data protection that provides at a minimum for annual data protection reports to senior management. These reports cover the audits conducted, any weaknesses and defects revealed, and any organisational deficiencies that may still have to be remedied. A direct reporting line to senior management also exists during the year for ad hoc events. The data protection reports are made available to the governance functions such as Risk Management, Compliance and Internal Audit every year. This provides the basis for integrating data protection with the governance functions' frameworks. In line with this, there is close cooperation and consultation with important interfaces such as Group Legal, Group Compliance, Group Security and Group Auditing. Complex data protection requirements were included in the internal audit plan. Data protection risks are reported to Group Risk Management.

The Group's data protection strategy is built around compliance with data protection laws. In line with this, the business processes are aligned with the requirements of data protection law. This means that personal data may only be captured, processed and stored if there is a legal basis for this; in particular, this may take the form of a specifically defined purpose designed to permit the lawful performance of tasks, or consent.

In addition to limiting and ensuring the legality of data capture and processing, transparency is a key element of the GDPR. The fact that statutory transparency requirements are complied with as a matter of course serves as an indirect check, enabling the units within the Talanx Group that act as data controllers to implement their data processing in line with the data protection requirements. In this context, data protection is one example of the fundamental right to privacy and the right of individuals to determine how and when data about them should be disclosed and used ("informational self-determination"). These human rights are expressed in particular in the data processing principles (Art. 5 of the GDPR). The Group Data Protection Guidelines and the specific guidelines applicable to the Group's locations in other parts of the EU require these principles to be observed, and flesh out what they mean in more detail in relation to the Group's handling of personal data. They also address claims for damages and the right to require the Company to stop its actions in the case of breaches of data protection requirements.

Centrally defined methods have been specified for dealing with data subjects' rights (e.g. the right to access, delete or correct stored personal data), ensuring that the processes are executed correctly.

Data subjects are informed about processing of their personal data as a standard procedure, in line with the requirements of the GDPR. For example, information about data processing and lists of the relevant service providers are given on the risk carriers' websites.

The information about data processing also includes information on potential requests for information by public authorities. A search policy developed to deal with measures by public authorities contains an information sheet on inquiries and requests by public authorities, among other things.

The use of internal and third-party service providers serves to improve the efficiency with which services are supplied. Non-Group business partners such as brokers and agents, assessors and reinsurers are considered part of processing for insurance transactions. Where these third parties process personal data, they are not only bound by the statutory data protection requirements but also contractually required to comply with the data protection requirements.

The Talanx Group's Code of Conduct makes the data protection principles that apply to the Group visible to the outside world as well. The Code of Conduct for Business Partners also sets out data protection standards.

The data protection strategy mirrors the Group's decentralised approach with respect to the different divisions, while at the same time bundling expertise and processes within an efficient central function. The specific aspects of the individual divisions are also adequately reflected in the data protection management system. A common data protection framework has been established for the branches and subsidiaries that are domiciled in the EU or the European Economic Area (EEA). The unit concerned must observe the national legal data requirements. The network of data protection experts within the Talanx Group's European operations is being expanded further. The existing structured surveys of the extent to which Group specifications have been implemented at foreign locations plus relevant events and consulting needs in this context are adapted continuously at both a content and a process level. Due to its international focus, the Global division manages its data protection topics directly and allocates tasks and responsibilities both 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 is provided by headquarters. Data protection management activities in the Retail International division are implemented at a local level. Appropriateness and effectiveness testing is performed using the established management instruments. In this context, 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 the Reinsurance division, Hannover Rück SE and its subsidiaries have an independent data protection organisation. The principles documented in the Group Data Protection Guidelines apply to all companies and units

within the Hannover Re Group. The Hannover Re Group's compliance organisation structures are used to implement the minimum standards under data protection law. The relevant responsibilities have been specified and documented, and the specific features of the business model and the foreign subsidiaries' and branches' local data protection requirements taken into account.

A proprietary tool has been developed to assess data protection incidents, ensuring a uniform basis for assessment. All data protection incidents, whether reportable or not, are assessed by the Data Protection function using a tool. Information about the trigger for the incident and the measures taken are recorded as a standard procedure. The need to inform data subjects in line with the statutory requirements is also taken into account. The reports that can be generated using the tool assist both in internal documentation and in reporting to the data protection authorities.

**GRI 418-1** In 2021, the Talanx Group reported five breaches of personal data protection requirements relating to customer data to German supervisory authorities. German authorities found that data protection requirements relating to customer data had been breached by Talanx Group companies in four of these cases.




## Compliance


**GRI 103-1** For the Talanx Group, complying with the law is a vital prerequisite for its long-term business success throughout the world. Compliance plays a key role for the Talanx Group and everyone in it, from the divisions through the departments and down to individual employees.

**GRI 103-2** Compliance is organised at Group level as a department within Group Legal. It is headed by the Chief Compliance Officer, who reports directly to the Chairman of Talanx AG's Board of Management. The Head of Compliance reports to the Chief Compliance Officer. A global network of local compliance managers at the foreign locations assists the Chief Compliance Officer in his tasks. This means that local compliance breaches can also be reported directly to the Compliance department without going through the local hierarchy. The goal of Compliance is to adhere to the law, regulatory requirements and internal rules, and to actively practice these as part of the Group's corporate culture. In line with this, the Compliance department ensures that Group guidelines and structures designed to ensure compliance, to follow up on complaints and compliance breaches, and to provide internal training are established and enhanced. In addition, it provides in-depth advice on relevant compliance issues as and when needed.

The Group's compliance management system (CMS) is an important part of this work. It consists of a number of different elements that interoperate at a systemic level: the compliance culture and rules, compliance risk analysis, the compliance programme/plan, organisation and the whistle-blowing system, training and communication, and compliance monitoring and improvement. The CMS builds on Talanx's compliance policy, which comprises Talanx's Code of Conduct, the Talanx Compliance Guidelines and work instructions.

**GRI 102-16 | 408-1 | 409-1**  "Together for Integrity", the Group-wide Code of Conduct, was revised most recently in January 2021 and is an effective tool for making the Group's commitment to complying with the law and its voluntary undertakings transparent. The Code serves to explain to employees the fundamental legal and ethical requirements that they have to abide by during their work for the various Group companies, and to provide further details of their duties in this area. Among other things, it includes a clear commitment to adhering to internationally proclaimed human rights and prohibits all kinds of involuntary labour, child labour and human trafficking. Talanx's Compliance Guidelines, which are updated on an ongoing basis, break down the Code of Conduct in greater detail. They provide extensive guidance on the minimum content of the principles set out in the Code of Conduct. The Group companies in Germany and abroad have addressed the principles set out in these guidelines and have declared them to be binding. Within Germany, the Group-wide Compliance Guidelines are supplemented by specific compliance guidelines and work instructions in the individual divisions, e.g. in the form of special anti-corruption rules for the employees there.

The CMS is supplemented by the following additional key elements and measures:

The annual compliance risk analysis (CRA) performed by the Compliance department aims to conduct a systematic risk early warning exercise in the relevant units in Germany and abroad. The CRA addresses the major risks within the core compliance topics. It is used to derive risk-based measures that are incorporated into the compliance plan. The activities and measures in the compliance plan help the Compliance department to optimally manage relevant processes for preventing compliance risks, such as training and monitoring measures.  Talanx's whistle-blowing system gives employees, customers, suppliers and other business partners the opportunity to report potential breaches of the law or of the requirements set out in the Code of Conduct; this can also be done anonymously if desired. The Compliance department advises the people reporting issues or pursues the latter further if necessary. The system can be accessed from anywhere in the world via Talanx's website and is currently available in German and eight other languages that are relevant for the Group. Additionally, employees can report suspected breaches to their line manager or directly by phone, letter or e-mail to the compliance officer responsible for the company in question within the Talanx Group or the division concerned.

**GRI 412-2** Regular communication of compliance issues is a key part of how compliance is defined. The objective is to make employees aware of the rules and principles agreed and hence to strengthen the Group's compliance culture. The training courses are therefore a key way of preventing the rules from being breached and a core component of the CMS. A training plan tailored to the needs of different target groups offers managers and 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 virtual or classroom-based courses and web-based training (WBT) are provided on relevant compliance topics. Anti-corruption training ensures that gifts are dealt with correctly and sensitises employees for situations in which conflicts of interest may arise in their day-to-day work. Other specialist topics are offered to specific target groups, based on a regular risk analysis.

A number of measures are taken to strengthen international cooperation within the network of local compliance officers. The established "ComplianceXchange" format, in which the Compliance department and local compliance managers share information virtually and develop best practice solutions together, proved particularly valuable in an environment that was dominated by the coronavirus pandemic. Further weight is given to the ComplianceXchange sessions by the fact that a number of representatives of other specialist functions (such as Sustainability, Data Protection and Legal) have given presentations on current topics.

**GRI 103-3** Adherence to the compliance requirements is checked by the Compliance department and during regular internal audits by Group Auditing. Continuous content reviews of the applicable compliance rules and regulations are performed and revisions made where necessary. In addition, the Group takes stakeholder interests and requirements relating to compliance and transparency into account, firstly by engaging in dialogue with stakeholders on sustainability and secondly by adhering to the GRI Standards and taking part in ESG rating processes.

**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 2021. Likewise, there are no known significant cases of anti-competitive behaviour, or of antitrust or monopoly practices.

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

There were no known grievances about impacts on society in the Retail Germany or Industrial Lines divisions in Germany in 2021. The same also applies to the foreign companies (Retail International Division) covered by this report.

## Anti-corruption and bribery matters

Preventing corruption is a material core topic for the Compliance department, and hence an essential part of compliance management at Talanx.

The [Code of Conduct](#) explicitly states that the Group combats all types of bribery and corruption. The Compliance Guidelines set out the principles in further detail.

**GRI 205-1 | 415-1** In addition, the 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 in advance by Talanx AG's Board of Management. Moreover, some divisions have drawn up more detailed guidance on donations and sponsorships. What is more, the Group-wide Compliance Guidelines are supplemented by specific compliance guidelines and work instructions in the individual divisions for the employees of these companies. Examples include special anti-corruption rules such as how to deal with gifts and specific rules of conduct on avoiding and disclosing conflicts of interest.

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. A risk assessment for the organisation can then be performed by analysing the lists of gifts from a risk-based perspective (e.g. for type and frequency). The risk assessment is supplemented by the CRA performed in Germany and abroad, which also provides for a structured evaluation of the risks relating to anti-corruption – a core compliance topic. In areas with a higher risk profile, the Compliance department offers specialist anti-corruption training that is tailored to the activity in question.

Conflicts of interest and information about potential cases of fraud, breaches of fiduciary duty and corruption can also be reported anonymously via the [Talanx whistle-blowing system](#) and all other reporting channels mentioned in this section. Undisclosed conflicts of interest may constitute breaches of the Code of Conduct or the Compliance Guidelines and hence represent violations of employees' duties under their contracts of employment or service. These may have civil and employment law consequences for the employees concerned. Potential conflicts of interest are also identified by analysing the lists of gifts. There are plans to digitalise this process in future. Implementation of the anti-corruption measures for the Group that

are derived from the CRA is continuously monitored. In addition, corruption risk in the Group is audited as part of the risk-based internal audit plan.

**GRI 205-2** All in all, a wide range of anti-corruption information and training is available in the Talanx Group, all of which is designed to promote awareness and the skills needed to combat corruption: The annual compliance report, which also cover anti-corruption, informs the Board of Management and the Supervisory Board about significant compliance risks and the measures taken to ensure that requirements are met. A mandatory web-based training (WBT) course on compliance and integrity, which covers the topic of corruption, is used to educate all Group employees in Germany. The relevant staff groups were also trained in a number of virtual training sessions. The anti-corruption training programme is rounded off 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 2021 financial year.

## Anti-money laundering and prevention of terrorist financing

Since the European Union's Fifth Anti-money Laundering Directive was implemented in 2020, HDI V.a.G. – as the Group's "parent company" – has been required to ensure that all companies within the Group that are covered by the anti-money laundering (AML) legislation meet defined minimum standards. To do this, Group AML, which is part of the Compliance department, rolled out a Group-wide money-laundering risk analysis for the first time in December 2020, the results of which are being consolidated at the level of HDI V.a.G. In addition, Group AML implemented quarterly reporting by the companies covered by the legislation in 2021. The Code of Conduct highlights the ban on money laundering and illegal financing, and expressly draws attention to the fact that the competent anti-money laundering officer must be informed of all suspected cases. AML is also one of the core topics anchored in the Compliance Guidelines. In addition, the Group Anti-money Laundering Guidelines set out Group-wide measures in writing. All guidelines are reviewed ad hoc, but at least once a year and are updated as necessary ([Compliance](#)). Monitoring of the AML measures taken by the companies covered by the legislation is centralised at Talanx AG. As a core compliance topic, anti-money laundering and the prevention of terrorist financing measures are also part of the compliance plan ([Compliance](#)). This ensures that the topic is monitored by Compliance and regularly audited by Group Auditing. The Anti-money Laundering Officer and his deputies serve as contacts for issues relating to anti-money laundering; this applies not only to all staff but also to law enforcement agencies and the supervisory authority.

## Tax compliance and transparency

**GR1 103-1 | 103-2 | 207-1** The Talanx Group's tax policy, which is set out in writing in its Group Tax and Tax Compliance Guidelines, falls within the CFO's area of responsibility and is resolved by the full Board of Management. The content of these guidelines is reviewed annually in full. The tax policy and tax strategy are derived from Talanx AG's overarching strategy and apply to all Talanx Group companies in Germany (not including the Hannover Re Group and HDI Global Specialty, which have their own documents regulating this area). This includes the foreign branches of domestic Group companies. The tax strategy's top priorities are to minimise tax risks and to ensure tax compliance. In addition, the tax strategy states that responsible tax planning must be performed in accordance with both the letter and the spirit of the applicable national and international laws. The Group also works together with external tax experts who support it in monitoring and complying with all tax regulations. The use of inappropriate tax structures leading to tax advantages that are not provided for by law is prohibited. Tax information is provided professionally in connection with the annual and consolidated financial statements, quarterly reports and budgets.

(Cross-border) transactions with affiliated companies are performed at arm's length and are consistent with OECD requirements. The Talanx Group's Transfer Pricing Guidelines and documentation are updated continuously and the Group does not artificially shift taxation; in other words, tax should be paid where the value is created. There are no Group companies resident in countries that have been classified by the EU as non-cooperative tax jurisdictions ("blacklisted countries"). The Group also uses digital applications to make tax processes more secure.

The CFO/the Board of Management is responsible for the oversight of tax issues. The CFO reports regularly to the Supervisory Board's Audit Committee. Compliance with regulatory requirements is ensured using the Code of Conduct resolved by the Board of Management, by the qualified staff in the Group Taxes department, and by deploying an effective tax compliance management system (TCMS).

The Talanx Group links its tax policy with its sustainable development strategies. The economic and social impacts of the tax policy are taken into account, e.g. by the Group expressly distancing itself from aggressive tax structures in its Group Tax and Tax Compliance Guidelines. The Talanx Group wants to make its fair contribution as a responsible taxpayer.

**GR1 207-2** The Head of Group Taxes reports regularly to the CFO on material tax-related issues. Reporting includes an annual tax compliance report that provides an overview of material tax compliance-related events and developments in the reporting period, plus an outlook on the current year. The tax compliance report is included as an appendix to the general compliance report and as such is part of the reporting submitted by the Compliance function to Talanx's Board of Management and Supervisory Board. The full Board of Management considers tax compliance to be highly important; this can clearly be seen, for example, from the facts that a tax compliance officer has been appointed (2016), that tax compliance was included in the Code of Conduct and that taxes are also covered by the whistle-blowing system. The Code of Conduct that is binding on all Group units worldwide contains an explicit commitment to comply with all

tax-related obligations, to reject the misuse of tax structures and to perform tax planning in a responsible and legally compliant manner. The tax whistle-blowing system enables all Group employees throughout the world to draw attention anonymously to breaches of tax regulations.

**GR1 103-3** The tax function is part of the general Group risk management system. Group Taxes uses risk control matrices to capture and analyse tax risks – any especially those arising from changes to the tax framework – on an ongoing basis, and reports these to Group Risk Management. Risk mitigation measures and recommended actions are then developed on this basis. Internal Audit regularly reviews the appropriateness and effectiveness of the processes implemented by the tax function to ensure compliance with tax-related obligations.

**GR1 207-3** The Talanx Group engages in open dialogue with its internal and external stakeholders. It aims to work together cooperatively and constructively with the fiscal authorities and discloses all information that is relevant for taxation. Equally, comprehensive measures are taken to ensure that adjustment obligations are met if it subsequently transpires that tax returns or self-assessments that have already been submitted are incorrect. What is more, the Talanx Group is an active member of the GDV's Tax Committee and of the Industrie- und Handelskammer (the Chamber of Industry and Commerce) at its parent company's headquarters.

**GR1 207-4** The following table provides an overview of the income taxes paid and the income tax expense in 2020 for key countries in the Talanx Group:

#### INCOME TAXES PAID AND INCOME TAX EXPENSE (2020)<sup>1</sup>

Fiscal jurisdiction	Income taxes paid (EUR thousand)	Income tax expense (EUR thousand)	Number of employees	Property, plant and equipment (EUR thousand)
	(Tax payment +, tax refund –)	(Tax expense +, tax income –)		
Argentina	–	304	137	1,409
Australia	10,557	4,236	246	85,241
Austria	3,410	3,557	335	7,463
Bahrain	4,683	–	43	58
Belgium	–	1,994	91	10,046
Bermuda	17	69	51	2,701
Brazil	3,364	3,111	1,442	14,397
Canada	20,619	6,117	65	958
Cayman Islands	579	582	–	171,854
Chile	–297	6,214	660	32,600
China	–3,688	–	93	7,504
Colombia	–	29	319	6,395
Czech Republic	458	406	14	139,202
Denmark	–37	424	45	44
France	21,882	272	200	136,537
Germany	258,581	92,034	10,964	2,888,052
Great Britain	3,025	3,717	583	8,014
Greece	1,570	3,349	24	190
Hong Kong	188	–	62	655
Hungary	502	1,053	275	1,662
India	913	34	25	874
Ireland	7,784	6,170	78	1,053
Italy	10,512	31,067	493	139,311
Ivory Coast	–	–	1	–
Japan	524	399	41	81,735
Luxembourg	168	244	3	1,014
Malaysia	3,264	2,481	101	4,450
Mexico	626	11,261	1,528	38,803
Netherlands	483	624	280	8,955
New Zealand	945	2,484	–	–
Norway	–	100	2	–
Poland	49,314	40,795	2,950	126,310
Romania	359	448	–	54,007
Russia	867	1,111	112	2,673
Singapore	8	19	36	2,229
Slovakia	17	62	10	40,902
South Africa	5,806	5,121	501	2,565
South Korea	537	715	8	36,597
Spain	4,339	3,099	85	45,428
Sweden	103	3,843	272	4,468
Switzerland	–229	–	84	2,449
Turkey	–	8,926	668	10,243
United States	–9,445	–5,529	484	744,130
Uruguay	–	94	38	496
<b>Total</b>	<b>402,309</b>	<b>241,035</b>	<b>23,449</b>	<b>4,863,672</b>

<sup>1</sup> The data are taken from the annual country-by-country reporting (CbCR) submitted to the Bundeszentralamt für Steuern (Federal Central Office of Taxation) and are based on the consolidated financial statements, which have been audited by an independent auditor. Discrepancies compared to the data contained in the consolidated financial statements result from the inclusion of unconsolidated companies in the CbCR and different requirements regarding the presentation of intragroup transactions.

The income taxes paid generally differ from the income tax expense for the year concerned. Among other things, this is due to the fact that the income tax expense is influenced by issues that do not lead directly to cash inflows or outflows (such as the recognition of provisions for taxes). In addition, tax payments made in specific years may relate to past or future periods. To this extent, the time at which tax payments are made does not correspond to the tax expense recognised for a particular period.

In addition to income taxes, the Talanx Group contributes to tax revenue in the areas of value added tax, payroll taxes, insurance tax, property purchase tax, property tax and additional other taxes. Group companies in Germany alone remitted roughly EUR 213 million in payroll taxes (including the solidarity surcharge and church tax) for their employees for 2020. In the same period, these companies remitted German insurance taxes (including fire brigade charges) in the amount of approximately EUR 548 million and foreign insurance taxes (including fire brigade charges) in the amount of approximately EUR 65 million for policyholders, and paid fire brigade charges in their own right. The value added tax remitted to the tax authorities by Group companies in Germany amounted to approximately EUR 11 million. Property purchase tax of approximately EUR 21 million was incurred in 2020 as a result of property acquisitions.

## Supplier management

**GRI 103-1** Supplier management is a material topic for the Talanx Group, since the latter can have the biggest effect on respect for human rights in its global value chain. In addition to rolling out its internal codes of conduct on observing human rights, among other things ([Human rights and supply chain](#)), the Talanx Group positions itself through its choice of business partners. Although Talanx considers the risk of human rights abuses and of significant negative environmental impacts in its supply chain to be minor, the Group takes care when selecting suppliers to ensure that they comply with national legislation on environmental protection and human rights, and with the Talanx Values. Social questions are relevant for procurement in particular; examples include the conditions under which people in the supply 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. 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 purchasing. Outside the Group it mainly impacts the suppliers with which Talanx works. The Talanx Group can make a significant contribution to sustainable development by integrating sustainability criteria into its purchasing operations. Among other things, this includes the Talanx Group sourcing environmentally friendly products, or ensuring that environmental criteria are taken into account, and employee rights and human rights observed, throughout the supply chain.

**GRI 103-2** Talanx has developed a uniform Group Code of Conduct for Business Partners, which was resolved by its Board of Management, in order to underscore its commitment and to exert a positive influence over and above the legal requirements. The new Code of Conduct is currently being implemented in the various divisions. Non-IT Purchasing and IT Purchasing have integrated the ESG clauses in their master agreements and individual contracts, meaning that the Code of Conduct is being successively implemented as part of all new contracts and of existing master agreements that are renewed.

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

**GRI 103-3** The Purchasing function (both IT and non-IT) 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 the Group's ability to achieve its goals and ensure compliance. Only authorised organisational units may engage in procurement. In addition, compliance with internal guidelines and work instructions is checked during regular internal audits.



## Environmental protection in supplier management

**GRI 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 the Group and its supply chain have significant negative impacts on the environment. Nevertheless, the Group takes care to ensure that the impacts caused by its procurement processes are kept to a minimum. Procurement from regional suppliers is one key aspect of this, to the extent that it promotes sustainability. In the case of its German locations, the Talanx Group defines regional suppliers as companies that are located in the same place, since this keeps transport distances short. In Germany, roughly 50% (45%) of suppliers of operating equipment and foodstuffs fall within this category, as do roughly 24% (26%) of IT suppliers. However, the regional procurement of intangible goods is only possible and sensible to a limited extent, something that is reflected in the ratio of regional IT suppliers, since this area has a large proportion of such products. The Code of Conduct for Contractors naturally applies in these cases as well. Talanx's 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.

The Talanx Group sets store by environmental friendliness in relation to a large number of materials. In line with this, all types of paper and standard forms used are sourced from sustainably managed forests (FSC label), while the toner procured uses recyclable materials. In addition, large volumes of certified organic foodstuffs are used in the Company's canteens. Talanx developed its Code of Conduct for Business Partners so as to be able to increase its focus on environmental criteria going forward, and to apply these systematically when selecting suppliers. The new code is currently being implemented in the individual divisions. It covers both IT and Non-IT Purchasing 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. The Talanx Group's 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" range available from 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

**GRI 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, the Group 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.

IT Purchasing issued a new invitation to tender for IT service providers in 2020, which included successfully piloting the use of the new code. As a result, the latter has been incorporated in the new master agreements with all preferred and qualified business partners for IT services. In 2021, the Code of Conduct for IT Purchasing was incorporated into standard operating practice and is now a fixed part of any new framework agreements signed. 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. Work started in 2021 on establishing professional IT supplier monitoring. The Group-wide Code of Conduct, which is available in nine languages, offers an effective tool for the Talanx Group to make its commitment to complying with the applicable laws transparent. The Code of Conduct for employees was updated during the reporting period and formulates fundamental legal and ethical requirements and duties that Talanx's staff have to abide by during their work. In addition, 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; equity interests in other companies and participations in transactions. Here, too, the Group's uniform Code of Conduct for Business Partners should be mentioned, which was resolved by Talanx's Board of Management and which is currently being implemented.



## Metrics and targets

The following table provides a summary of the key objectives and measures for the Talanx Group's governance aspects described above.

### GOALS AND MEASURES: GOVERNANCE

Area	Goal	Key measures	Scope	Status in 2021
Corporate governance	Ensure good organisational governance	Introduce new Board of Management remuneration system pursuant to the ARUG II	Group-wide	Performed/held/done for first time
(ESG) governance		Include ESG in new Board of Management remuneration system	Group-wide	Performed/held/done for first time
		Integrate the Sustainability unit into the Group Strategy function reporting to the Chairman of the Board of Management	Group-wide	Performed/held/done for first time
		Establish Group-wide Sustainability Expert Network	Group-wide	Performed/held/done for first time
Digital transformation, cyber-security and data protection	Maintain ISMS	Ensure ISO 27001 certification of information security management system (ISMS) through annual audits/recertification after three years	Group-wide (excluding Hannover Re and HDI International)	2022
	Enhance employee awareness	Mandatory employee training to raise awareness of current cyberattack methods	Group-wide	2022
	Process optimisation	Introduce technical workflow-based register of processing pursuant to the GDPR	Group-wide (excluding Hannover Re Group)	Ongoing
Compliance	Optimise compliance management	Regularly review corruption risks based on compliance risk analyses as part of compliance planning	Group-wide	Ongoing
Supplier management	Give greater weight to sustainability criteria in (IT) procurement	Establish professional supplier monitoring giving greater weight to sustainability criteria in IT purchasing	Group-wide	2023
	Define, capture and monitor sustainability criteria within non-IT purchasing	Establish strategic supplier management in non-IT purchasing including definition, measurement and monitoring of significant sustainability criteria	Group-wide	2024



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## Further Information

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## Further Information

### About this report

**GRI 102-52** Since 2015, the Talanx Group has used its annual sustainability report to provide comprehensive information on ESG topics, underscoring its focus on sustainability.

**GRI 102-50 | 102-54** This report refers to the 2021 financial year, i.e. to the period from 1 January 2021 to 31 December 2021. It 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, since the report is also designed to meet the information requirements of relevant ESG ratings with a sustainability focus. The [GRI content index](#) provides an overview of all GRI topics and indicators contained in this report. An overview of the SDGs and the measures taken by the Talanx Group in each case can be found in the section entitled [SDGs](#). The Group's [Climate-related and Environmental Matters](#), [Social matters](#) and [Governance](#) chapters are listed in the "Metrics and targets" sections. The references and symbols used in this report are explained in the key on the [Contents](#).

**GRI 102-46** The sustainability report presents the material sustainable developments within the Talanx Group. In line with the [standards and principles](#) applied, it covers those topics that

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

In addition, this report aims to cover all topics that are relevant to Talanx as an insurance group and to its stakeholders. The [Materiality analysis](#) is one of the key bases for this. The Talanx Group uses the materiality analysis and the underlying stakeholder survey to ensure that the topics included in the sustainability report are those that, in the aggregate, are considered by the stakeholders surveyed to be particularly important.

In addition to the direct stakeholder survey, stakeholder interests are taken 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 to the continuous integration of additional companies and branches in reporting, 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 and adjustments to the data collated are identified and explained using footnotes.

**GRI 102-56** Section 315b(1) in conjunction with section 315c/section 289c of the German Commercial Code (HGB) requires the Talanx Group to prepare a consolidated non-financial statement. The non-financial statement was prepared in accordance with sections 315b to 315c in conjunction with sections 289c to 289e of the HGB and the EU Taxonomy Regulation, and is based on the Global Reporting Initiative (GRI) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It was published as part of the Group Annual Report 2021 and can be found in the [Consolidated Non-financial Statement](#), p. 78ff. section of the combined management report. This sustainability report is based on the consolidated non-financial statement, which was granted a limited assurance review in accordance with ISAE 3000 (Revised) by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

**GRI 102-45** The Talanx Group is continuously expanding its sustainability reporting. The current report includes the Talanx Group companies and locations listed in the following table:

#### SCOPE OF SUSTAINABILITY REPORTING<sup>1</sup>

Affiliates included in reporting	Country	Employees	Divisions and companies reporting	Equity interest (shareholding) in %
Talanx Group companies and locations in Germany	Germany	8,966	Talanx AG	100.00 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	2,823	Towarzystwo Ubezpieczeń i Reasekuracji WARTA S.A.	75.74
			Towarzystwo Ubezpieczeń na Życie WARTA S.A.	100.00
TU Europa Group	Poland	304	Towarzystwo Ubezpieczeń Europa S.A.	50.00
			Towarzystwo Ubezpieczeń na Życie Europa S.A.	100.00
HDI Seguros S. A. de C. V.	Mexico	1,514	HDI Seguros S. A. de C. V.	99.76
HDI Seguros S. A.	Brazil	1,402	HDI Seguros S. A.	100.00
HDI Seguros S. A.	Chile	668	HDI Seguros S. A.	99.95
HDI Sigorta A. Ş.	Turkey	669	HDI Sigorta A. Ş.	100.00
HDI Assicurazioni S. p. A.	Italy	671	InLinea S. p. A.	100,00 in all cases
			HDI Immobiliare SRL	
			HDI Italia S. p. A. (previously Amissima Assicurazioni S. p. A.)	
			InChiaro Life DAC (Ireland)	
HDI Versicherung AG (Austria)	Austria	320	n.a.	100.00
Magyar Posta	Hungary	277	Magyar Posta Biztosító Zrt.	66.93 in both cases
			Magyar Posta Életbiztosító Zrt.	
HDI Global Seguros S. A.	Brazil	73	HDI Global Seguros S. A.	100.00
HDI Global Insurance Company (USA) <sup>2</sup>	United States of America	170	HDI Global Insurance Company (USA)	100.00
HDI Global SE – Branch for the UK <sup>2</sup>	Great Britain	289	HDI Global SE – Branch for the UK	100.00
			HDI Global Specialty SE – Branch for the UK	
HDI Global SE – the Netherlands <sup>2</sup>	Netherlands	269	n.a.	100.00
HDI Global SE – Branch for Belgium <sup>2</sup>	Belgium	96	HDI Global SE – Branch for Belgium	100.00
			HDI Global Specialty SE – Branch for Belgium	

<sup>1</sup> The scope of the disclosures made in the "Climate and environmental protection in the enterprise" section is broader. 97% coverage (excluding the Hannover Re Group) was achieved during collection of the emissions data.

<sup>2</sup> The Talanx Group defines 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 disclosures relating to HDI Global SE also include HDI Global Specialty SE.

Therefore, as at the 31 December 2021 reporting date this report covered 18,511 members of staff. This corresponds to 77.3% of the Group's total workforce (23,954 people). However, selected employee indicators cover the entire Talanx Group.

Cases in which information is not yet available for all the companies, locations and units covered by this report are flagged.

## The Talanx Group – key memberships

**GRI 102-12 | 102-13** The Talanx Group is a member of a large number of regional, national and international initiatives, associations and interest groups. It is also listed in the EU's Transparency Register. The Group uses its memberships in recognised sustainability initiatives/frameworks such as the UN Global Compact, the PRI, the PSI and the Allianz für Entwicklung und Klima (Alliance for Climate and Development) to align its business processes more closely with sustainability criteria and in particular with aspects relating to the ongoing process of climate change. In addition, the Group consciously uses the information sharing opportunities offered by regional/local networks to gain input for enhancing its sustainability strategy. Its staff are also members of working groups that focus on a variety of topics and contribute their expertise to relevant discussions, including on ESG issues. The following list shows selected key memberships:

### Insurance industry groups

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

### Business and commercial associations

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

### 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)
- Entrepreneurs' Roundtable AG
- Institut Finanzen und Steuern e. V. (IFST)
- Juristische Studiengesellschaft Hannover
- MindSphere World e. V.
- Principles for Responsible Investment (PRI)
- Principles of Sustainable Insurance (PSI)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- UN Global Compact (UNGC)
- World.Minds AG

### Support and sponsorships

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

### 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
- 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

#### Great Britain

- Association of British Insurers (ABI)
- Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC)
- Motor Insurers Bureau (MIB)
- Placing Platform Ltd (PPL)
- Pool Re
- Royal Circle of Insurers from Belgium (CRAB)

#### 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)
- International Union of Marine Insurance (IUMI)
- Verbond van Verzekeraars

**Austria**

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

**Poland**

- 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 Insurance Association (PIU)
- Polish Insurance Guarantee Fund (UFG)
- Polish Motor Insurers' Bureau (PBUK)

**Switzerland**

- Chambre vaudoise du commerce et de l'industrie (CVCI)
- Deutsch-Schweizerische Handelskammer
- Gesellschaft für Haftpflicht- und Versicherungsrecht
- Schweizerische Aktuarvereinigung
- Schweizerischer Versicherungsverband
- Spedlogswiss, Basel (Spediteurverband)
- Swiss Shipper's Council (Verladerschaft)
- Verband Zürcher Handelsfirmen
- Zürcher Gesellschaft für Personal-Management

**Turkey**

- Insurance Association of Turkey

**Hungary**

- MABISZ Association of Hungarian Insurance Companies
- Magyar Aktuárius Társaság (MAT)

**USA**

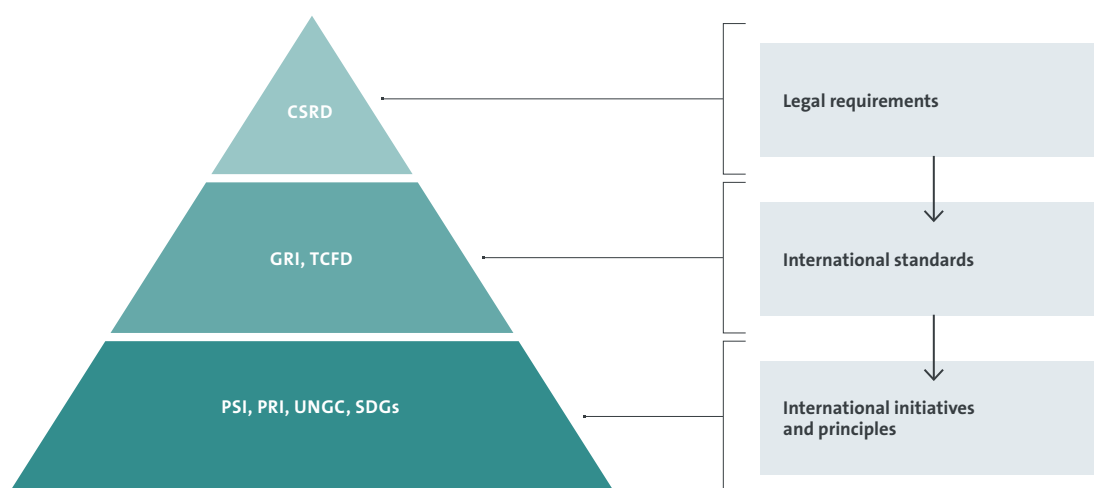
- American Institute of Marine Underwriters (AIMU)
- American Property Casualty Insurance Association (APCIA)
- International Risk Management Institute
- Project Management Institute
- The Institute of Internal Auditors
- The Institutes
- The Society of Certified Insurance Counselors



## Standards and principles

The Talanx Group’s sustainability reporting is based on a number of different national and international standards and guidelines. The Group also takes other guidelines above and beyond the mandatory standards and principles into account so as to ensure transparent, comparable reporting.

### STANDARDS AND PRINCIPLES



#### German CSR Directive Implementing Act (CSR-RUG)

The CSR-RUG is the transposition into German law of the EU’s Non-Financial Reporting Directive, which was resolved in 2014. The objective is to expand reporting by large listed companies, credit institutions, financial services institutions and insurance companies. As a listed insurer with more than 500 employees, the Talanx Group is obliged by the CSR-RUG to report on non-financial matters. These topics include environmental matters, social and employee matters, respect for human rights, and anti-corruption and bribery matters.



#### Principles for Responsible Investment (PRI)

The PRI are an investor initiative supported by the United Nations Environment Programme (UNEP) and the UN Global Compact. The initiative comprises six Principles for responsible investment practice incorporating ESG topics. The Talanx Group has signed up to the PRI in order to create transparency over its role as an asset owner by reporting under the PRI, and to clearly show how sustainability is integrated into its investment decisions.

#### The six Principles:

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



### Principles for Sustainable Insurance (PSI)

The PSI were developed by the United Nations Environment Programme Finance Initiative (UNEP FI). By signing up to the PSI, companies pledge to comply with the four Principles supporting the sustainable transformation of the underwriting business. The Talanx Group has pledged to apply the Principles so as to make the insurance business more sustainable ([PSI reporting](#)).

#### The four Principles:

- 1 We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
- 2 We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
- 3 We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
- 4 We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.



### UN Global Compact (UNGC)

The UNGC is a global pact between the United Nations and companies that is designed to ensure responsible corporate governance. It is based on ten universal Principles governing human rights, labour standards, the environment and anti-corruption. The Talanx Group has joined the UNGC since it recognises and takes seriously its responsibility to help ensure an inclusive, sustainable world.

#### The ten Principles:

- 1 Businesses should support and respect the protection of internationally proclaimed human rights
- 2 Businesses should make sure that they are not complicit in human rights abuses
- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4 Businesses should uphold the elimination of all forms of forced and compulsory labour
- 5 Businesses should uphold the effective abolition of child labour
- 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation
- 7 Businesses should support a precautionary approach to environmental challenges
- 8 Businesses should undertake initiatives to promote greater environmental responsibility
- 9 Businesses should encourage the development and diffusion of environmentally friendly technologies
- 10 Businesses should work against corruption in all its forms, including extortion and bribery



## Sustainable Development Goals (SDGs)

In 2015, the UN published 17 global goals for sustainable development aimed at governments, civil society and the private sector. The Talanx Group supports all 17 goals in order to help make the world a more socially just and fairer place ([📄 Sustainable Development Goals](#)).



## Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was founded in 2015 by the Financial Stability Board on the advice of the G20 finance ministers. The TCFD aims to develop recommendations and guidance for uniform, comparable reporting on material climate-related financial opportunities and risks and hence help achieve sound investment, lending and insurance decisions. By integrating the TCFD recommendations into its report, the Talanx Group is highlighting the importance it attaches to transparent climate reporting ([📄 TCFD content index](#)).



## Global Reporting Initiative (GRI)

The GRI has published internationally established, comprehensive sustainability reporting standards. The Talanx Group bases its annual sustainability report on these standards so as to inform its stakeholders as transparently as possible ([📄 GRI content index](#)).

## Sustainable Development Goals (SDGs)

As a global insurer, the Talanx Group actively contributes 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.

### HOW THE TALANX GROUP CONTRIBUTES TO THE SDGs

<p><b>“Business model and strategy” section</b></p>	<p><b>SDG 1:</b> No poverty <b>and</b> <b>SDG 10:</b> Reduce inequalities</p>	  	<p>Insurance products provide people with protection against a wide range of life risks and help them when in need by providing financial support and other services. This helps to avoid poverty (SDG 1) and promote social equality (SDG 10). Above and beyond this, the Talanx Group focused primarily on seven other SDGs out of the total of 17 – the goals to which the Group can make active contributions.</p>
<p><b>“Climate-related and environmental matters” section</b></p>	<p><b>SDG 7:</b> Affordable and clean energy</p>		<p>The Talanx Group aims to make a contribution to achieving affordable, reliable, sustainable and modern energy. To do this it is investing specifically in renewable energy sources such as wind farms and solar thermal plants, and in expanding the related power grids. In total, the Group has made funds of over EUR 2 billion available for investment. In addition to furnishing the funds required, the Group also provides the necessary insurance cover for the plants and grids. This applies to both established and innovative technologies such as hydrogen.</p>
	<p><b>SDG 8:</b> Decent work and economic growth</p>		<p>Promoting sustainable, socially just working conditions in its own business operations, at suppliers and at customers is an integral part of how Talanx defines itself. In its own business, the Group uses a range of tools and instruments such as its Health Days and flexible working in order to achieve this goal. Signing up to the UN Global Compact underscores its ambitions in this area.</p>
	<p><b>SDG 9:</b> Industry, innovation and infrastructure</p>		<p>The Talanx Group contributes to building a resilient infrastructure and to fostering sustainable, innovative industry with both its underwriting and its investment activities. The Talanx Group specifically invests in public sector and social infrastructure such as power grids, hospitals and public transport. In addition to providing financing, Talanx also protects this infrastructure by offering insurance solutions.</p>
	<p><b>SDG 12:</b> Responsible consumption and production</p>		<p>The Talanx Group uses a large number of measures to promote sustainability in its own operations and along the supply chain. These range from regionally sourcing foodstuffs for its canteens down to drastically cutting back on plastic waste. The highly specific measures it has taken have avoided the need for nearly 1.5 million plastic bags. The Group’s commitment is underscored by its membership of selected relevant initiatives. Particularly noteworthy here is its membership of the Ökoprofit Hannover initiative. This aims to anchor sustainability in the corporate culture to an even greater extent.</p>
	<p><b>SDG 13:</b> Climate action</p>		<p>The Talanx Group intends to achieve net zero emissions in its operating activities by 2030 at the latest, and in its underwriting and investment activities by 2050, in line with the goals of the Paris Agreement on climate change. This represents a major contribution by the Group to climate protection. In addition, its underwriting and investment functions are deliberately withdrawing from certain industries that are particularly harmful to the climate, such as thermal coal. Equally, the Talanx Group sees itself as promoting innovative technologies that are replacing particularly harmful technologies and that offer new approaches to climate protection.</p>
<p><b>“Social matters” section</b></p>	<p><b>SDG 4:</b> Quality education</p>		<p>The Talanx Group promotes quality education and training for its employees. A variety of approaches are used to ensure it meets its strategic goal of always having adequate numbers of talented young staff. These include offering dual-track vocational training and degree courses, and a number of graduate trainee programmes focusing on different areas. Continuously growing and developing employees is important to the Talanx Group. Not only does it provide a large number of offerings designed to enhance and expand employees’ professional, linguistic and methodological expertise, it also focus on developing their interpersonal skills.</p>
	<p><b>SDG 5:</b> Gender equality</p>		<p>Gender equality is highly important to the Talanx Group. A dedicated “Diversity &amp; Inclusion Management” position has been created to systematically anchor it within the organisation. In addition, a comprehensive, Group-wide diversity, equity and inclusion strategy has been developed. This will be rolled out in Germany in 2022 and then successively transferred to the Group’s international locations. Another goal is to increase the proportion of women in management positions. In addition to the expanded range of training offerings, mentoring programmes and the Women@Talanx network, women are systematically taken into account during succession planning.</p>

## PSI reporting

### Principles for Sustainable Insurance

The Talanx Group signed up to the Principles for Sustainable Insurance (PSI) in May 2020 and by doing so has committed voluntarily to continuously improving the sustainability of its insurance business in line with the initiative's four Principles. The following section provides a brief summary of the measures already taken, plus references to the relevant sections of this sustainability report.

#### Principle 1

**We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

The Talanx Group has pledged to ensure responsible, sustainable corporate governance. The enhancements made to its sustainability governance in 2021 have intensified the Group's focus on sustainability ([ESG governance](#)).

The Group's sustainability strategy takes environmental, social and governance aspects into account and is being continuously expanded. Enhancements to the sustainability strategy were announced in November 2021 that are making sustainability an even more integral part of the Group's business model. One key component of these are developments in the areas of underwriting and investment. Detailed information on decision-making in underwriting is provided in the section entitled [Climate-related and environmental matters in underwriting](#).

Moreover, the Talanx Group takes environmental, social and governance aspects comprehensively into account in its investments. The Group signed up to the United Nations' Principles for Responsible Investment (PRI) in 2019 and is committed to observing the six Principles for responsible investing. Detailed information on how sustainability aspects are taken into account in investment activities is provided in the section entitled [Climate-related and environmental matters in asset management](#).

Further details on how social matters are taken into account is provided primarily in the section entitled [Social matters in asset management and underwriting](#).

#### Principle 2

**We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.**

The Talanx Group adopts a sustainable focus in its dealings with customers and business partners. For example, Talanx requires business partners to take fundamental ESG requirements into account and to manage them responsibly. The Code of Conduct for Business Partners is an instrument used to ensure compliance with the rules in the areas of anti-corruption and bribery matters, respect for human rights, environmental, social and other employee matters, data protection and the protection of trade secrets. In addition, the Talanx Group is already focusing on the German Supply Chain Due Diligence Act (LkSG), which will enter into force in 2023. Additional information can be found in the sections entitled [Human rights and supply chain](#) and [Supplier management](#).

The Talanx Group regularly conducts direct dialogues (known as "active engagements") with its customers on ESG topics in both the investment and the underwriting areas. In this way, the Group raises awareness of sustainability among its customers and manages risks and challenges. Detailed information on the customer engagement processes is provided in the sections entitled [Climate-related and environmental matters in asset management](#) and [Climate-related and environmental matters in underwriting](#).

#### Principle 3

**We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

Stakeholder dialogue plays an important role in enhancing the Talanx Group's sustainability strategy. The Group holds regular discussions with stakeholders so as to continuously raise awareness of particularly sensitive ESG topics. The suggestions made by the auditors during the review of its consolidated non-financial statement are used as indications of how to improve further. In addition, the Talanx Group is active in associations such as the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV) so as to promote awareness of sustainability topics in the insurance industry. The Group is also an active member of additional international, national and regional initiatives and adopts an open, transparent position in discussions with politicians ([ESG governance](#)).

In addition, the Talanx Group uses its regularly updated stakeholder survey and materiality analysis to conduct an active dialogue with its key stakeholders and hence to identify, assess and review current sustainability topics. Like the strategy cycle, the materiality analysis has a four-year cycle and will therefore be performed in financial year 2022 ([Materiality analysis](#)).

#### Principle 4

**We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.**

Since 2020, the Talanx Group has observed the four Principles for Sustainable Insurance and is working continuously on solutions to the challenges facing the insurance industry. The annual PSI report is an integral part of the sustainability report, disclosing the progress made by the Group and hence creating additional transparency.

## GRI content index

**GRI 102-55** The following two tables 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 the Talanx Group.

### MANAGEMENT APPROACHES

Chapter (material topic)	103-1	103-2	103-3
	Explanation of the material topics and their boundaries	The management approach and its components	Evaluation of the management approach
	page(s)	page(s)	page(s)
Climate-related and environmental matters in asset management	19	19	19
Climate-related and environmental matters in underwriting	22	22	23
Climate and environmental protection in the enterprise	25	25	25
Social matters in asset management and underwriting	31	31	31
Corporate citizenship	32	32	32
Talanx as an employer	34	34	39
Employee recruitment and development	39	39	39
Diversity	42	42	44
Responsibility to customers	45	45	45
Human rights and supply chain	48	48	48
Digital transformation	54	54	54
Data protection and cybersecurity,	55	55	56
Compliance and especially anti-corruption and bribery matters	58	58	58
Tax compliance and transparency	60	60	61
Supplier management	62	62	62



## GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
<b>101</b>	<b>Foundation 2016</b>			
<b>102</b>	<b>General Disclosures 2016</b>			
102-1	Name of the organisation	8, 51		
102-2	Activities, brands, products and services	6		
102-3	Location of headquarters	51		
102-4	Location of operations	6, 8		
102-5	Ownership and legal form	51		
102-6	Markets served	6		
102-7	Scale of the organisation	8		
102-8	Information on employees and other workers	35		6
102-9	Supply chain	8		
102-10	Significant changes to the organisation and its supply chain	6	<a href="https://www.talanx.com/en/investor_relations">https://www.talanx.com/en/investor_relations</a>	
102-11	Precautionary Principle or approach	13		
102-12	External initiatives	68		
102-13	Membership of associations	68		
102-14	Statement from senior decision-maker	4	See the foreword by the Chairman of the Board of Management	
102-16	Values, principles, standards, and norms of behavior	51, 58	<a href="#">Talanx Code of Conduct: Together for Integrity</a>	10
102-18	Governance structure	51, 53		
102-20	Executive-level responsibility for economic, environmental, and social topics	53		
102-22	Composition of the highest governance body and its committees	51		
102-23	Chair of the highest governance body	51		
102-24	Nominating and selecting the highest governance body	52		
102-25	Conflicts of interest	51		
102-26	Role of highest governance body in setting purpose, values, and strategy	53		
102-29	Identifying and managing economic, environmental, and social impacts	53		
102-30	Effectiveness of risk management processes	14		
102-31	Review of economic, environmental, and social topics	53		
102-32	Highest governance body's role in sustainability reporting	53		
102-35	Remuneration policies	38, 51.		
102-36	Process for determining remuneration	38		
102-40	List of stakeholder groups	15		
102-41	Collective bargaining agreements	35		3, 6
102-42	Identifying and selecting stakeholders	16		
102-43	Approach to stakeholder engagement	15, 46		
102-44	Key topics and concerns raised	15		
102-45	Entities included in the consolidated financial statements	6, 67		
102-46	Defining report content and topic Boundaries	15, 66		
102-47	List of material topics	15		
102-48	Restatements of information	15		
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102-50	Reporting period	66		
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102-53	Contact point for questions regarding the report	81		

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GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
102-54	Claims of reporting in accordance with the GRI Standards	66		
102-55	GRI content index	75		
102-56	External assurance	66		
<b>201</b>	<b>Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	6		
201-2	Financial implications and other risks and opportunities due to climate change	13		7
201-3	Defined benefit plan obligations and other retirement plans	52		
<b>202</b>	<b>Market Presence 2016</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	38		6
202-2	Proportion of senior management hired from the local community	40		6
<b>203</b>	<b>Indirect Economic Impacts 2016</b>			
203-1	Infrastructure investments and services supported	21		
203-2	Significant indirect economic impacts	22		
<b>204</b>	<b>Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	63		
<b>205</b>	<b>Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	59		10
205-2	Communication and training about anti-corruption policies and procedures	59		10
205-3	Confirmed incidents of corruption and actions taken	59		10
<b>206</b>	<b>Anti-competitive Behavior 2016</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59		10
<b>207</b>	<b>Tax 2019</b>			
207-1	Approach to tax	60		
207-2	Tax governance, control, and risk management	60		
207-3	Stakeholder engagement and management of concerns related to tax	61		
207-4	Country-by-country reporting	61		
<b>301</b>	<b>Materials 2016</b>			
301-1	Materials used by weight or volume	28		7, 8
301-2	Recycled input materials used	28		8
<b>302</b>	<b>Energy 2016</b>			
302-1	Energy consumption within the organization	25		7, 8
302-3	Energy intensity	25		8
302-4	Reduction of energy consumption	25		8, 9
<b>303</b>	<b>Water and Effluents 2018</b>			
303-1	Interactions with water as a shared resource	28		7, 8
303-2	Management of water discharge-related impacts	28		7, 8

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GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
303-3	Water withdrawal	28		8
303-5	Water discharge	28		7, 8
<b>305</b>	<b>Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	25		7, 8
305-2	Energy indirect (Scope 2) GHG emissions	25		7, 8
305-3	Other indirect (Scope 3) GHG emissions	25		7, 8
305-4	GHG emissions intensity	25		8
305-5	Reduction of GHG emissions	25		9
<b>306</b>	<b>Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts		As a service company, the Talanx Group does not have any significant waste-related impacts	8
306-2	Management of significant waste-related impacts	28		8
306-3	Waste generated	28		8
<b>307</b>	<b>Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	59		8
<b>308</b>	<b>Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	63		8
308-2	Negative environmental impacts in the supply chain and actions taken	63		8
<b>401</b>	<b>Employment 2016</b>			
401-1	New employee hires and employee turnover	39		6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	38		
401-3	Parental leave	36		6
<b>403</b>	<b>Occupational Health and Safety 2018</b>			
403-1	Occupational health and safety management system	37		
403-2	Hazard identification, risk assessment, and incident investigation	37		
403-3	Occupational health services	37		
403-4	Worker participation, consultation, and communication on occupational health and safety	37		
403-5	Worker training on occupational health and safety	37		
403-6	Promotion of worker health	37		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	37		
403-9	Work-related injuries	37		
<b>404</b>	<b>Training and Education 2016</b>			
404-1	Average hours of training per year per employee	41		6
404-2	Programs for upgrading employee skills and transition assistance programs	41		6
404-3	Percentage of employees receiving regular performance and career development reviews	42	No quantitative statement is possible at present	6

## GRI CONTENT INDEX

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
<b>405</b>	<b>Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	42, 52		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	38		1, 2, 6
<b>406</b>	<b>Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	44		1, 6
<b>407</b>	<b>Freedom of Association and Collective Bargaining 2016</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	48, 63		1, 2, 3
<b>408</b>	<b>Child Labor 2016</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	48, 58, 63		1, 2, 5
<b>409</b>	<b>Forced or Compulsory Labor 2016</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	48, 58, 63		1, 2, 4
<b>412</b>	<b>Human Rights Assessment 2016</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	48	No quantitative statement is possible at present	1
412-2	Employee training on human rights policies or procedures	58	No quantitative statement is possible at present	1
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	31		1, 2
<b>414</b>	<b>Supplier Social Assessment 2016</b>			
414-1	New suppliers that were screened using social criteria	63		2
414-2	Negative social impacts in the supply chain and actions taken	63		2
<b>415</b>	<b>Public Policy 2016</b>			
415-1	Political contributions	59		10
<b>417</b>	<b>Marketing and Labeling 2016</b>			
417-1	Requirements for product and service information and labeling	45		
417-2	Incidents of non-compliance concerning product and service information and labeling	45		
417-3	Incidents of non-compliance concerning marketing communications	45		
<b>418</b>	<b>Customer Privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	57		
<b>419</b>	<b>Socioeconomic Compliance 2016</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	45, 59		2, 10

## TCFD content index

The Task Force on Climate-related Financial Disclosures, a global technical expert group, has published recommendations for uniform climate-related reporting. This sustainability report covers the information required to be reported in the areas of governance, strategy, risk management, metrics and targets.

TCFD recommendation	TCFD disclosure	Sustainability Report 2021
<b>Governance</b>		
Disclosure of the Group's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	"ESG governance" section, p. 53
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	"ESG governance" section, p. 53
<b>Strategy</b>		
Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Group's business, strategy and financial planning	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	"Business model and strategy" section, p. 10
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	"Business model and strategy" section, p. 10, "Climate-related and Environmental Matters in Underwriting" section, p. 23 and p. 24
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	"Risk management" section, p. 14
<b>Risk management</b>		
Disclosure of how the Group identifies, assesses and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks.	"Risk management" section, p. 14
	b) Describe the organization's processes for managing climate-related risks.	"Risk management" section, p. 14
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	"Risk management" section, p. 13
<b>Metrics and targets</b>		
Disclosure of the metrics and targets used to assess and manage climate-related risks and opportunities	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	"Risk management" section, p. 14
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	"Climate and environmental protection in the enterprise" section, p. 25
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	"Climate-related and environmental matters in asset management" section, p. 20

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Published on: 3 May 2022

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

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The last sustainability report was published on 4 May 2021.

### Talanx's online sustainability report:

<https://www.talanx.com/en/talanx-group/sustainability>

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## 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	
HDI Global Specialty SE	HDI Versicherung AG		HDI Seguros S.A. (Argentina)	E+S Rückversicherung AG	
HDI Versicherung AG (Austria)	Lifestyle Protection AG		HDI Seguros S.A. (Brazil)	Hannover ReTakaful B.S.C. (c) (Bahrain)	
HDI Global Seguros S.A. (Brazil)	neue leben Unfallversicherung AG		HDI Seguros S.A. (Chile)	Hannover Re (Bermuda) Ltd.	
HDI Global Seguros S.A. (Mexico)	PB Versicherung AG		HDI Seguros S.A. (Colombia)	Hannover Africa Limited	
HDI Global Insurance Limited Liability Company (Russia)	TARGO Versicherung AG		HDI Seguros de Vida S.A. (Colombia)	Hannover Life Re of Australasia Ltd.	
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 Re South Africa Limited	
HDI Reinsurance (Ireland) SE	neue leben Lebensversicherung AG		TU na Życie WARTA S.A. (Poland)	Hannover Life Reassurance Company of America	
	PB Lebensversicherung 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) <sup>1</sup>		
	TARGO Lebensversicherung AG		HDI Assicurazioni S.p.A. (Italy)		
			Magyar Posta Biztosító Zrt. (Hungary)		
			Magyar Posta Életbiztosító Zrt. (Hungary)		
			HDI Sigorta A.Ş. (Turkey)		

Nur die wesentlichen Beteiligungen  
Main participations only

Stand/As at: 31.12.2021

<sup>1</sup> The sale of Russian subsidiary OOO Strakhovaya Kompaniya CiV Life was completed in February 2022.

