

20
22

Sustainability Report

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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



References to the GRI Standards



References to the TCFD Recommendations

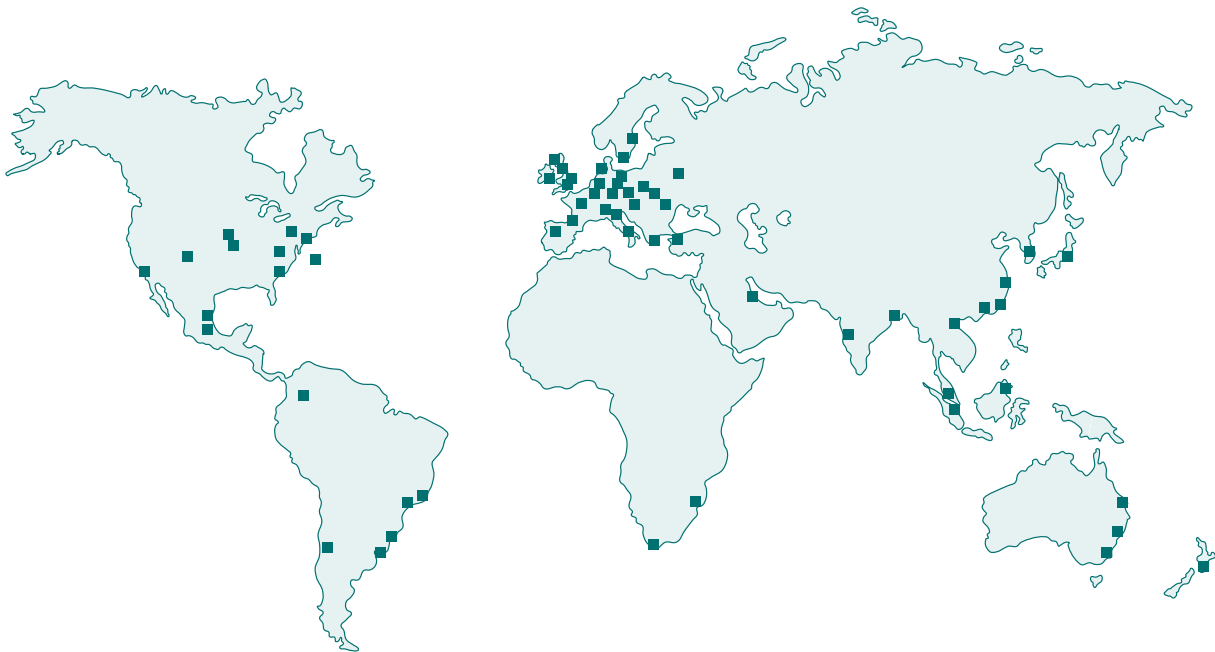


References to websites

Underlined text indicates a link to additional information.

The Company

The Talanx Group is a multibrand provider in the insurance and financial services sector with a focus on B2B insurance. As a global enterprise and long-term investor, the Group puts a particular emphasis on acting sustainably. In line with this, it systematically incorporates sustainability aspects into its business activities. Based in Hannover, Germany, the Talanx Group does business on five continents and in more than 175 countries.



ACTIVE EMPLOYEES



NUMBER OF COUNTRIES



GROSS WRITTEN PREMIUMS

EUR billion



OPERATING PROFIT (EBIT)

EUR billion



GROUP NET INCOME

EUR million

23,669

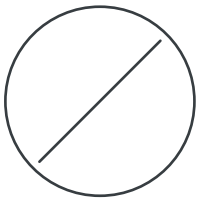
>175

53.4

3.4

1,172

Highlights 2022



Extended exclusions for the insurance of oil and gas projects and deep sea mining projects ([Climate-related and environmental matters in underwriting](#)).



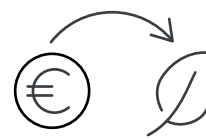
Sustainability Network strengthened by specialised ESG teams in all divisions ([Corporate governance](#), [ESG governance](#)).



Caroline Schlienkamp became the first woman to be appointed to the Talanx Group's Board of Management ([Employee matters](#)).

4

Four new focus areas for social matters: “Diversity, equity and inclusion”, “Employee’s journey”, “Ensuring access to education” and “Promoting access to infrastructure” ([Social matters in asset management and underwriting](#), [Corporate social commitment](#), [Employee matters](#)).



EUR

8

BILLION

The Talanx Group as an investor: Sustainable investments hit the EUR 8 billion¹ mark for the first time ([Climate-related and environmental matters in asset management](#)).

2

Two ESG experts on the Supervisory Board ([Corporate governance](#), [ESG governance](#)).

¹ The amount may change due to changes in interest rates and durations. The target was reached for the first time in mid-December 2022, but the figure as at the 31 December reporting date had dipped slightly below it.

Foreword

Dear ladies and gentlemen,

GRI 2-22 Inflation, the new geopolitical era caused by a war in Europe, numerous natural disasters, climate change – 2022 was dominated by challenging events. Nevertheless, we managed to meet our targets and prove our resilience in this volatile market environment. We are continuing our successful journey #together with our 24,000 or so highly qualified, dedicated members of staff, in line with our Talanx Purpose: “Together we take care of the unexpected and foster entrepreneurship”.

Climate change is making our world increasingly vulnerable and is changing our reality. In the global Climate Change 2022 report published by the Intergovernmental Panel on Climate Change (IPCC) in March 2023, scientists around the world are again warning urgently of the need for measures to combat global warming. As a global insurance group, we take our responsibility to contribute to a sustainable future seriously. We have pledged to support the Paris Agreement on climate change, and as such are also committed to continuously increasing our sustainability goals so as to help meet the 2050 climate goals and positively influence society, the economy, and the environment.

Both our focused sustainability strategy and the wide range of sustainability activities resulting from it are reflected in a variety of ESG ratings. We improved both our CDP rating and our ranking in the FTSE4Good Index during the reporting period, despite stiffer requirements. Nevertheless, we are still on the ball all the time and are working consistently to enhance our Group-wide sustainability strategy. For us, our sustainability strategy is a material component of our 2025 Group strategy, an approach that allows us to underscore the importance that environmental, social and governance aspects play as key elements of our business model.



We have been climate neutral (including offsetting) in our operations in Germany, where more than 44% of our staff work, since 2019 and are now systematically pursuing our next goal: all our operating facilities worldwide should have reached net zero by 2030. Our short-term goal is for our German operations to achieve a 25% cut in their Scope 1 and Scope 2 carbon emissions compared with the 2019 baseline by 2025. We began to transition our fleet of company cars to e-mobility offerings in the 2022 financial year, supporting the switch to sustainable transport. Above and beyond our net zero target for global operations, we are committed to achieving net zero emissions in our underwriting and investment activities by 2050.

In the underwriting area, we are continuously expanding our ESG approach and are focusing in particular on 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; a withdrawal can only be implemented responsibly in the medium to long term. In keeping with the principle of continuous

»We are addressing the many challenges facing the environment and society #together.«

development, we developed a multi-stage reduction path detailing our Group-wide exit from thermal coal by 2038 in the reporting period. In addition to our restrictive underwriting policy for thermal coal infrastructure, we monitor other fossil fuels continuously and regularly adjust our underwriting policy for them as well. Additional restrictions on insuring oil and gas projects on an individual risk basis will enter into force as at 1 July 2023. Our forward-looking, risk-based underwriting policy reflects our responsibility to partner with our customers and actively support and assist them during this transition, so as to drive forward long-term structural change in the economy.

We are continuing to systematically implement our sustainability strategy in our asset management activities as well, and are continuously creating transparency in this area through our membership of the Principles for Responsible Investment (PRI), the UN finance initiative. We are planning to reduce the carbon intensity of our portfolio by 30% compared to the 2019 baseline in the period up to 2025, as a milestone towards our goal of achieving net zero emissions by 2050. We already reached a reduction of 20% in 2022. We also already achieved our target of expanding our sustainable investment volume to EUR 8 billion by 2025 for the first time in the 2022 reporting period. One main area here is our social focus topic, "Promoting access to infrastructure". For example, in 2022 we invested more than EUR 60 million in the purchase of 28 new, passenger-friendly trams for Rostock's local public transport authority. This underscores our aim to serve as a partner for public infrastructure modernisation and to promote effective, low-emissions public transport as part of the transition to a sustainable transport system. In addition, the "Q-ESG score" that we have introduced in our asset management activities provides an objective, comparable way of quantifying our investments' ESG profiles. Equally, we actively use our influence as an investor in our structured engagement process.

As a global group whose local subsidiaries have deep roots in their home locations, living up to our responsibilities to our communities and society is particularly important for us. The war in Ukraine has demonstrated dramatically that peace cannot be taken for granted. In such difficult times, organising effective humanitarian aid is important to us. We donated roughly EUR 2.5 million at short notice in financial year 2022 to support those hit by the war. The staff in our Polish and Hungarian subsidiaries in particular volunteered tirelessly to help Ukrainian refugees. In addition, we enhanced the social focus of our sustainability strategy in the 2022 reporting period to provide a binding framework for the multifaceted, largely locally organised activities within the Group. Apart from our "Employee's Journey", the focus here is on measures and projects designed to provide access to education and infrastructure, and on diversity, equity and inclusion.

Our sustainability credentials are also an integral part of corporate governance at our Group. Two Supervisory Board members have been appointed as sustainability experts, reflecting the continuously growing importance of sustainability in this body as well. In addition, we are strengthening sustainability by expanding the ESG teams in our divisions.

We are also continuously tracking the growing regulatory requirements relating to sustainability. We updated our Code of Conduct for Business Partners and made a clear commitment to actively help ensure respect for human rights throughout our supply chain in preparation for the German Supply Chain Due Diligence Act (LkSG), which entered into force in 2023.

One way in which we emphasise our focus on sustainability is by incorporating global and national reporting standards and guidelines in our sustainability reports. We have also signed up to the UN Global Compact and its Ten Principles. We are aware that we can make a valuable contribution to a sustainable future and are working #together with our customers and business partners to make this happen.

I wish you an informative and interesting read.

*Yours sincerely,
Johann*

Introduction

Introduction

GRI 2-6 | 201-1 The Talanx Group is a global multibrand provider in the insurance and financial services sector. The table below shows the Group's key financial indicators and metrics.

Additional information on Talanx's business performance and growth, and on the economic value that it generates directly and distributes can be found in the Group Annual Report 2022:

- For Talanx's premium volumes and the results generated by its divisions and individual markets, see [Business development](#) (p. 53ff.).
- For its total assets including information on liabilities and equity, see [Talanx AG's consolidated balance sheet](#) (p. 144f.).
- For information on Talanx's shares, see [Talanx shares](#) (p. 11ff.) and [Earnings per share](#) (p. 244).

Material changes in the size, structure and ownership of the Talanx Group in the financial year are described in the Group Annual Report 2022; see among other things the sections entitled [Fundamental information about the Group](#) (p. 40f.) and [Business development](#) (p. 53ff.). No significant changes in the structure of the supply chain or in supplier relationships were identified in the past financial year.

GRI 2-1 Headquartered in Hannover, the Talanx Group has subsidiaries and branch offices throughout the world, and maintains 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. 249ff.) in the Group Annual Report 2022.

FINANCIAL INDICATORS AND METRICS

Indicator	Unit	2022	2021	2020
Gross written premiums	EUR million	53,431	45,507	41,109
Operating profit (EBIT)	EUR million	3,372	2,454	1,645
Group net income	EUR million	1,172	1,011	648
Return on equity ¹	%	12.9	9.6	6.3
Investments under own management	EUR million	128,599	136,073	128,301
Shares in free float	%	21.1	21.0	21.0
Gross written premiums (primary insurance) ²	EUR million	21,908	19,758	17,912

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

² Excluding Corporate Operations and after elimination of intragroup cross-segment transactions.

The Group’s business is divided into “Insurance” – which has six reportable segments – on the one hand and a seventh area, “Corporate Operations”, on the other.

The Talanx Group’s primary insurance operations comprise three divisions: Industrial Lines, Retail Germany and Retail International. A Talanx Board of Management member is responsible for each division. The Industrial Lines Division has a global presence in the form of HDI Global SE and HDI Global Specialty SE. The Retail Germany Division – which in turn is broken down into the Property/Casualty Insurance and Life Insurance segments – is home to the companies providing insurance offerings for retail customers and small and medium-sized enterprises in Germany. Retail International 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, for which Hannover Rück SE is responsible.

Corporate Operations includes Talanx AG, which primarily performs strategic functions and acts as an internal reinsurer for the Group. Other companies include HDI AG, which has acted as the employer company for the Primary Insurance Group in Germany since 1 March 2022 and which provides central services for the Group; the reinsurance broker Talanx Reinsurance Broker GmbH; and Ampega Asset Management GmbH and Ampega Investment GmbH. The Ampega companies primarily provide support for the Group’s investments and offer financial and other services.

Group companies operate under a number of different brands. The Talanx brand is focused on the capital markets, while the operational divisions have a multibrand strategy that reflects their high level of national and international product expertise, forward-looking underwriting policy and strong sales organisations. These brands include HDI, which delivers insurance solutions to retail customers and industrial clients both in Germany and abroad; Hannover Re, one of the world’s leading reinsurers; bancassurance specialists neue leben insurers, LifeStyle Protection and TARGO insurers; and Ampega, a fund provider and asset manager. Other key brands outside Germany include WARTA and TU Europa in Poland.

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. They focus on a number of areas. For details, please see the [Business model](#) section (p. 40f.) of the Group Annual Report 2022.

Additional information on the divisions can be found in the [Group structure](#) section (p. 42f.) of the Group Annual Report 2022.

As a listed insurance group, the Talanx Group complies with national and international laws and therefore only distributes products or services that have been approved for the markets concerned.

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	

Business Model and Strategy

Business model and strategy

GRI 2-1 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 2022. HDI V.a.G., a mutual insurance undertaking formed roughly 120 years ago whose members are largely drawn from German industry, is the majority shareholder in Talanx AG with an interest of 78.86%. A total of 21.14% of the shares, including employee shares, are held in free float.

GRI 2-6 The Talanx Group is a primary insurer and reinsurer that is active in the property/casualty and life insurance business in 175 countries around the world. Over its more than 120 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 its 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 uses the close interplay between primary insurance and reinsurance, which forms an integral component of its business model, to consistently enhance its opportunity/risk profile and improve its capital efficiency. In addition, the composition of the Group's portfolio ensures that sufficient independent risk capacity is available to the Talanx Group 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 increase its economic success to the benefit of its clients, investors and employees.

The Group parent is Talanx AG, which acts as a financial and management holding company. It 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. This organisational structure, which grants 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 the growth and earnings opportunities in their individual markets. The Talanx brand is focused on the capital markets, while the divisions have a multibrand strategy that reflects their extensive product expertise, their in-depth knowledge of national and international markets, and their forward-looking underwriting policy and strong sales organisations.

The 2025 Group strategy, which has the motto "From stabilisation to acceleration", is designed to systematically continue the Talanx Group's growth path and has defined significantly more ambitious growth and profitability targets. The target IFRS return on equity for the Group as a whole is at least 10%, so as to ensure sustainable value creation. Group net income is to be increased by at least 25% in the period up to 2025 on the back of focused divisional strategies and strategic growth initiatives. The Talanx Group wants to increase its dividend per share to EUR 2.00 for financial year 2022 (+25% year-on-year) and then to lift it successively to EUR 2.50 by 2025 (+25% compared to 2022). Two additional key strategic conditions that the Group has set itself are limited market risk ($\leq 50\%$) and a high regulatory solvency ratio (150–200%).

The Group's strengths – and hence the basis for its success – are its strong entrepreneurial culture with clear local responsibilities throughout the world; a focus on the B2B business area, which accounts for over 80% of premiums; and the strong regional diversification of its business and product mix.

Ongoing capital management optimisation is another integral part of the 2025 strategy. This focuses primarily on increasing the profits transferred from primary insurance operations so as to enhance the Group's financial flexibility while ensuring robust capitalisation

levels at all times and guaranteeing the ability to pay long-term dividends. There is a strict rule that capital is only used to expand the business where strategic and profitability criteria are met. Business decisions are managed so as to transfer capital and liquidity to the holding company wherever possible. Both the Group's capital structure and local capitalisation levels at the Talanx Group's subsidiaries are continuously optimised in line with this. 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 the enterprise.

The 2025 strategy has also adopted People Management as a key focus topic. The Talanx Group's People & Culture strategy takes a target-group specific and comprehensive approach to recruiting ("Hire"). Attractive development paths ("Develop") enable staff to grow and inspire them to actively enhance the Group's culture. An entrepreneurial mindset is also systematically promoted ("Inspire"). The Group provides the flexibility and room needed for this and makes its corporate culture liveable ("Xperience"). Particular emphasis is put on diversity, equity and inclusion, leveraging variety and differences as strengths in the Group's sustainable development. Further details of the People & Culture strategy are provided in the [Employee matter](#) section.

The Talanx Group continued refining the individual divisions' strategies and enhancing their focus. The Industrial Lines division's HDI Global 4.0 strategy positions it as a leading partner for international insurance programmes and as a service provider for captives. Its underwriting policy, which focuses on profitable business, is complemented by an efficient cost structure. Speciality insurance continues to be a key growth area. The division sees particularly strong opportunities for growing the industrial business in North America, Europe, Australia and selected emerging economies.

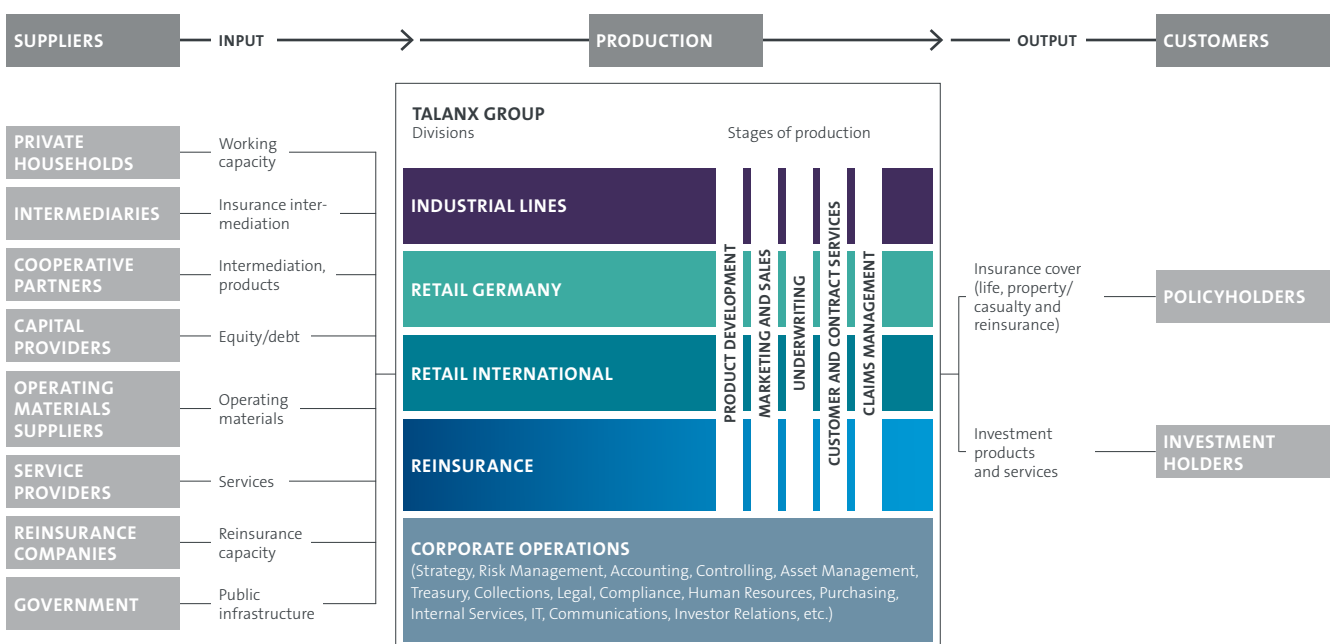
The Retail Germany Division is continuing to systematically implement its "Go25" strategy. This aims to achieve strong growth in the division's business with small and medium-sized enterprises (SMEs) plus additional cooperative agreements and organic growth in the bank partnerships area.

In the Retail International Division, Talanx's HINexT 2025 strategy aims to continue both the division's strong growth and its push towards diversification. The goal is to be a leading – i.e. a top five – property/casualty insurance provider in each of its five defined core markets in Latin America and Central and Eastern Europe. Profitable organic and non-organic growth will contribute to this goal.

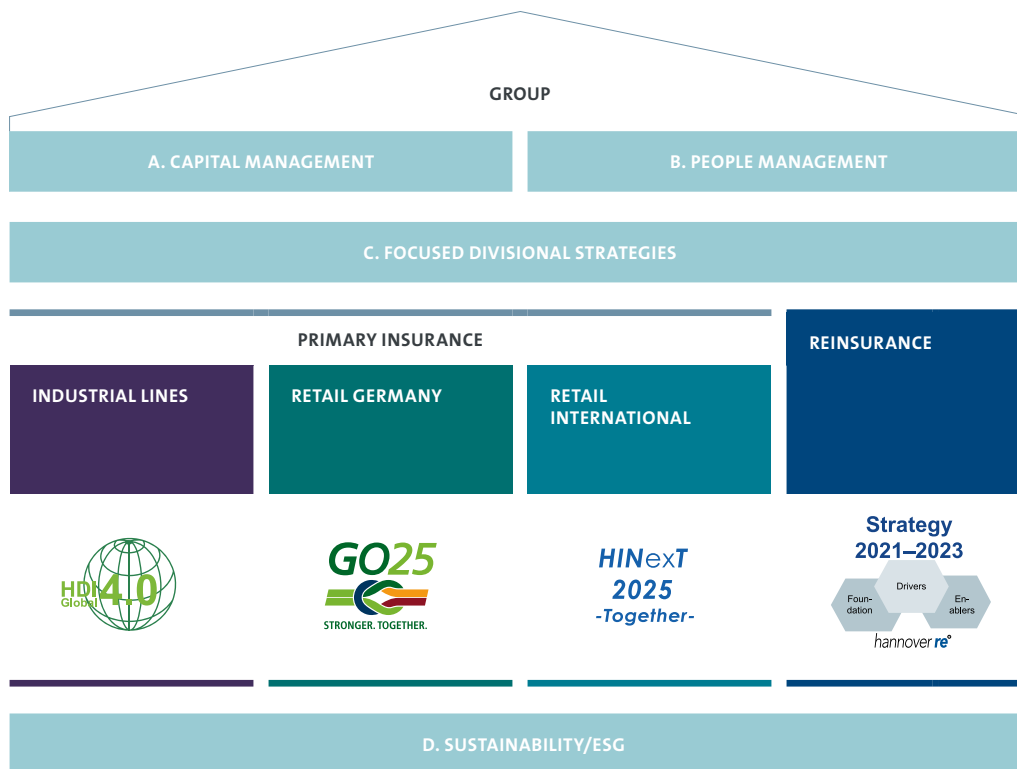
The Reinsurance Division's strategy concentrates on further expanding its existing strengths, particularly as regards its competitiveness and profitability. Key issues here are consistently leveraging diversification advantages and the continued expansion of its comprehensive and innovative reinsurance offerings. In addition, as the long-term majority shareholder in Hannover Rück SE, the Talanx Group aims 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 responsible corporate governance designed to ensure sustainable value creation. In line with this, its sustainability strategy is an integral part of the Group's strategy. It is based on the effective implementation of ESG aspects in asset management and underwriting, in the Group's operations, and in its corporate social commitment activities.

THE TALANX GROUP'S VALUE CHAIN



TALANX GROUP STRATEGY



The Group underlines its strategic sustainability credentials by specifically aligning itself with internationally recognised frameworks, initiatives and (reporting) standards. It regularly evaluates its sustainability focus and repeatedly adjusts it over time to reflect new insights, the legal framework and changed stakeholder requirements.

The PSI report is contained in the [PSI reporting](#) section of this sustainability report. By contrast, the PRI report is prepared separately, in line with the rules governing this framework. The Group incorporates the initiatives’ principles e.g. when decisions are made in Board of Management committee meetings, in the Responsible Underwriting Committee and in the Responsible Investment Committee, and in the engagement processes with its various stakeholders.

TCFD The strategic measures that the Talanx Group announced in November 2021 further enhance its sustainability strategy and have made sustainability an even more integral part of its business model. The 2022 strategy review confirmed and continued to hone these priorities by introducing a uniform strategic foundation for the Group’s corporate social commitment, for example. The four focus areas of “Diversity, equity and inclusion”, “Employee’s journey”, “Ensuring access to education” and “Promoting access to infrastructure” are primarily discussed in the [Social matters in asset management and underwriting](#), [Employee matters](#) and [Corporate social commitment](#) sections. Not only has the Group already set a net zero target for its global operations, which it aims to achieve by 2030 at the latest (Scope 1, 2 and 3, including offsetting), but it has also committed to reaching net zero in its underwriting and investment activities by 2050, in line with the goals of the Paris Agreement on climate change.¹

With effect from 2023, the sustainability strategy contains significantly stricter positioning on providing insurance for fossil fuel projects ([Climate-related and environmental matters in underwriting](#)).

In addition, the Talanx Group published its first [Green Bond Allocation and Impact Report](#) in the reporting period. This report relates to the green bond that was successfully placed on the market in 2021 and that has a volume of approximately EUR 500 million. The bond’s objective is to finance and refinance sustainable projects focusing in particular on renewable energy generation, and on low-energy residential and commercial real estate. In other words, the Group’s Green Bond Framework also systematically ties in its sustainability strategy with its financing strategy.

TCFD The Talanx Group addresses the impacts and risks of climate change throughout its entire risk management process, for example by using qualitative and quantitative scenario analyses. Understanding and mastering these risks also opens up growth opportunities and the ability to support decarbonisation and climate change adaptation by providing (new) products and solutions. Business opportunities exist in three main areas: insurance and risk transfer solutions for combating growing physical risks, providing insurance for the transition and for sustainable technologies, and providing consulting services for climate risk analysis and prevention. In particular, growing demand for cover for physical climate risks can be expected, both in relation to extreme weather events and to the impact of chronic changes on climate-sensitive sectors such as agriculture. In addition, the expansion of “green” technologies, renewable energy, and the supporting infrastructure offer a significant opportunity.

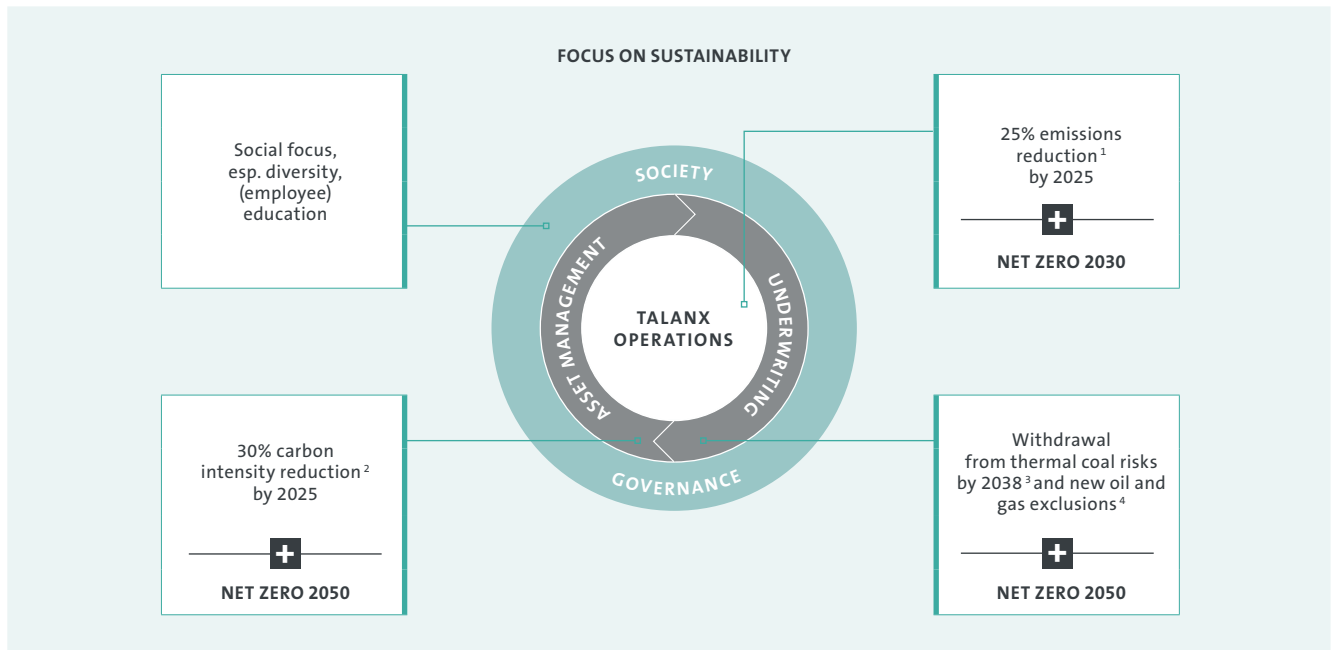
¹ The Talanx Group always takes decisions on the basis of current data and the applicable regulatory framework. It reserves the right to update such decisions if the preconditions for them change.

Demand for insurance solutions will grow as investments in these sectors increase. Opportunities also exist for risk consulting, when it comes to assessing and reducing customers' exposure to climate risks and to improving their adaptability and resilience. The Talanx Group is already well placed to take advantage of all these growth

opportunities and intends to continuously extend this positioning further going forward.

All in all, the Talanx Group's sustainability strategy aligns the Group's long-term economic success with living up to its environmental and social responsibility.

TALANX'S SUSTAINABILITY STRATEGY



¹ Scope 1 and Scope 2 reductions in Germany.
² 30% reduction in the carbon intensity of the liquid portfolio by the end of 2025 compared to the 2019 baseline.
³ Withdrawal from thermal coal infrastructure by 2038.
⁴ With effect from 1 July 2023.



Policies

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Policies

Governance model

The Talanx Group's corporate governance policy plays a key role in ensuring responsible corporate governance based on sustainable value creation, and the efficient implementation of the sustainability strategy required for this. This 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 the report.

Risk management

GRI 201-2 | TCFD The Talanx Group's business model aims to provide long-term, reliable cover for its customers and essentially consists of assuming and diversifying risk. Sustainability risks play a material strategic role here by their very nature. Core value drivers include continuously tracking relevant trends, needs and scientific findings, and taking developments in society as a whole into account, hence safeguarding the interests of stakeholders as a whole and particularly of policyholders. In line with this, addressing sustainability risks and improving ways of dealing with them are highly important, providing ways of defining opportunities for action, reacting to changes in good time and leveraging business opportunities.

Sustainability risks do not represent a separate or new risk category; rather, they can occur in all risk categories. This applies not only to underwriting, asset management and operational risk but also to strategic and reputational risks. 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. The Talanx Group is addressing this issue by integrating sustainability risks across its entire Solvency 2-compliant enterprise risk management system, which is based on the ISO 31000 standard. The system

covers risk identification, measurement, assessment, monitoring and reporting. Group Risk Management acts as the knowledge transfer centre here and ensures interdisciplinary cooperation with other divisions and functions in the Group. Sustainability risks are managed locally in the divisions and markets. This is done by drawing on, and constantly expanding, the expert knowledge provided by internal specialists such as underwriters, engineers, lawyers, economists and actuaries.

GRI 2-23 | TCFD Sustainability aspects are included systematically in asset management and underwriting policies throughout the Group, while the Responsible Investment Committee (RIC) and Responsible Underwriting Committee (RUC) constantly monitor compliance with the sustainability criteria, and ensure their ongoing enhancement. In addition, the Talanx Group supports and has signed up to a variety of frameworks and initiatives that are in line with its sustainability strategy, and to whose goals and disclosure requirements it has committed itself. This involves both awareness of the potential financial impact of sustainability risks on the Group (outside-in perspective) and awareness of its own responsibility and of how by doing business sustainably it can act as a lever for adding value for society, and hence influence how these risks develop going forward (inside-out perspective).

Sustainability risks are explicitly identified during the risk inventory and other, focused risk surveys such as the emerging risk process ([Risk report](#)), which is performed at least once a year. This process uses scenario techniques to investigate emerging risks and the potential effects of megatrends on the Talanx Group's business (e.g. water scarcity or the loss of biodiversity). The assessments take feedback effects into account and analyse risk drivers and cause and effect mechanisms along the entire value chain. In keeping with good risk management practice, risk identification and assessment are followed by the definition of appropriate risk management measures. All material units are included in order to produce an end-to-end picture of all risks at single-entity and consolidated level, and

the results are reported regularly to the decision-making bodies. In addition, the Talanx Group continuously monitors current economic, scientific and regulatory developments in order to prevent losses arising from sustainability risks. At the same time, its proactive examination of sustainability aspects allows it to react to changes and take advantages of business opportunities that arise, such as greater demand for (re)insurance products or an increased need for loss prevention consulting.

TCFD The Talanx Group is successively expanding the methods it uses to measure and model sustainability risks from both a qualitative and a quantitative perspective. One key instrument is its internal risk capital model, which has been approved by the supervisory authorities and which is used to calculate Solvency 2 capital requirements. For example, this assesses the risk of natural disaster events occurring in the coming year for the Group as a whole. Individual components of the model are examined for any need for adjustment depending on the sustainability risks involved in the course of model validation, calibration and upgrades. Climate risks are taken into account (e.g. when modelling natural hazard risks) both implicitly by using up-to-date climate and loss data and by making explicit prospective adjustments. In addition, given the high level of uncertainty and the limited data available on sustainability risks, the Talanx Group examines model and change risks in detail using sensitivity analyses, among other things.

The Talanx Group uses scenario analyses and stress tests to reflect the particular importance of climate change. These analyse the business model's exposure to, and resilience against, all potential types of risk associated with climate change – i.e. physical risks, transition risks and liability risks – and take potential short-, medium- and long-term impacts into account. The uncertainty surrounding the timing and extent of future developments is reflected by looking at two internally consistent scenarios. The first is a transition scenario in which political measures are only taken after a delay, and in which global warming amounts to slightly less than 2°C above preindustrial levels by the end of the scenario horizon (2050). The second case analyses a business-as-usual scenario in which global warming clearly exceeds 2°C.

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. The Group bases its approach on current scientific findings and (scenario) data from well-known research institutions and initiatives such as the Intergovernmental Panel on Climate Change (IPCC), the Network for Greening the Financial System (NGFS) and the Bank of England. The scenarios use trend assumptions for key macrofinancial and physical risk factors, allowing the impacts on both assets and liabilities to be quantified simultaneously using stress tests. This produces an all-round view of the effects on the Group's risk and solvency position in the scenarios examined. The insights obtained from the climate change scenario analysis are used to derive suitable mitigation

measures, whose implementation is systematically pursued and reported to the Board of Management and that are adjusted where necessary. 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, asset management and operations. The Talanx Group uses a variety of formats to promote best practice sharing internally across divisions and markets. In addition, it actively engages in dialogue within the industry, with the supervisory authorities and with the academic community through partnerships and memberships of relevant associations and bodies.

The Talanx Group monitors the opportunities and risks associated with climate change across a number of different dimensions in its business activity. The transition to a low-carbon economy and associated measures such as an increase in carbon prices and/or cuts in emission rights or the regulation of 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 industries and on fossil fuels. What is more, abrupt decarbonisation could result in macroeconomic turbulence and uncertainty, which could cause greater risk aversion and financial market volatility. 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 for other assets such as real estate and infrastructure.

Consequently, the Talanx Group uses ESG scoring models, among other things, in asset management so as to be able to identify risks at an early stage and take any necessary management measures. These can comprise anything from reducing exposure to completely exiting the investments concerned. As regards underwriting, the impact of climate change could lead to an increase in the intensity and frequency of natural hazards. The Group can react to this by continuously adapting its models and pricing based on observed and assumed developments. At the same time, new types of losses and new loss patterns could arise in other areas. The Talanx Group is supporting its customers as they adapt their risk management and prevention measures and see this area of consulting as offering business opportunities. Among other things, new liability risks could arise for policyholders as a result of changes in the case law relating to climate change. Here, too, the Talanx Group offers advice, as well as examining the impact on its portfolio and making any necessary adjustments to the risk coverage provided. It aims to play an active role in, and support, the transition to a sustainable economy by focusing both on adjusting existing coverage (e.g. using exclusions) and in particular on underwriting new risks arising from the use of sustainable technologies.

The Talanx Group's emerging risks process identifies and analyses not only climate change risks but also other risks relating to sustainability topics and how these interact with additional social, techno-

logical and economic trends. Scenario techniques are used to investigate emerging risks and the potential effects of megatrends on the Talanx Group’s business. The assessments take feedback effects into account and analyse risk drivers and cause and effect mechanisms along the entire value chain. The current survey identified risks from biodiversity loss and the resulting loss of ecosystem services and the threat to global water supplies as being relevant, although the extent and form of potential financial losses are still subject to considerable uncertainty. Nevertheless, addressing such emerging risks at an early stage allows us to proactively raise risk awareness, arrange for more detailed analyses to be performed so to determine potential impacts in more depth, and hence adequately assess the risks and define suitable risk mitigation measures.

In addition to ad hoc risk reporting to the Talanx Group’s decision-making bodies, sustainability risks are reported and classified in particular in the company’s annual Own Risk and Solvency Assessment (ORSA), which is approved by the Board of Management and made available to the supervisory authority. Additionally, the Talanx Group bases its activities in this area on the recommendations on reporting climate-related risks and opportunities drawn up by the Task Force on Climate-related Financial Disclosures (TCFD).

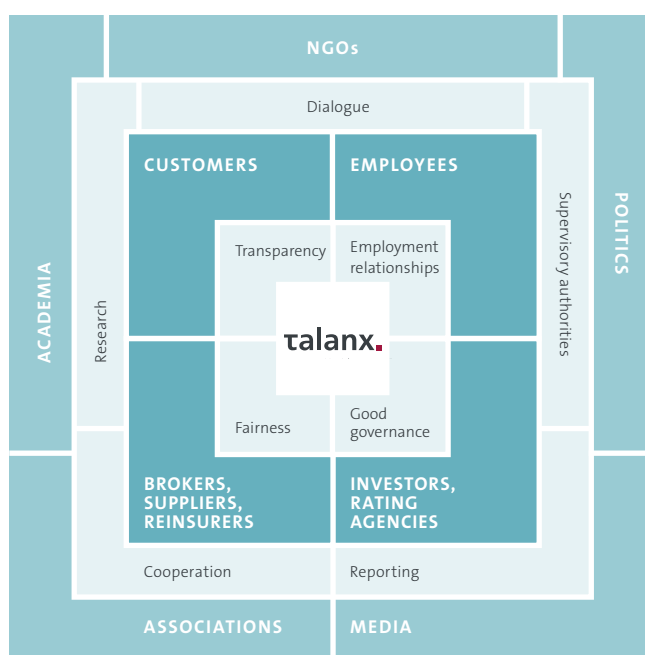
Materiality analysis

The Talanx Group uses its annual materiality analysis process to identify, assess and review its key sustainability topics. Both 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 materiality analysis that is closely aligned with the Group’s strategy process and that includes a broad-based stakeholder survey.

As is the case with the Group’s strategy cycle, the materiality analysis is reviewed, and where necessary enhanced or updated, every year until the time comes for it to be performed again. In other words, it provides a materiality assessment as at a specific reporting date. The results are discussed by the Board of Management and taken into account in the sustainability strategy. A variety of processes have been put in place to ensure that both internal and external viewpoints are considered. These include discussions within the Group’s Sustainability Network (📄 [ESG governance](#)), in which experts from the areas of asset management, underwriting and operations provide internal takes on these issues. The external perspective is taken into account by performing sustainability-driven market and competitor analyses. Additional input comes from regulatory and statutory requirements and from our regular contacts with ESG rating agencies.

GRI 3-1 A new, full materiality analysis was performed in financial year 2022 in line with the regular production cycle. In addition to the legal basis for materiality analyses set out in section 289c of the HGB, the report was based on the 2021 Global Reporting Initiative (GRI) Standards and the European Commission’s proposed Corporate Sustainability Reporting Directive (CSRD, version dated March 2022). The Talanx Group engaged an external consulting firm to support it during the materiality analysis so as to ensure that forthcoming regulatory requirements were already included in the process at this stage. Use of the consulting firm also helped to ensure anonymity during the stakeholder survey. A three-stage process was used to determine the material topics.

THE TALANX GROUP’S STAKEHOLDERS



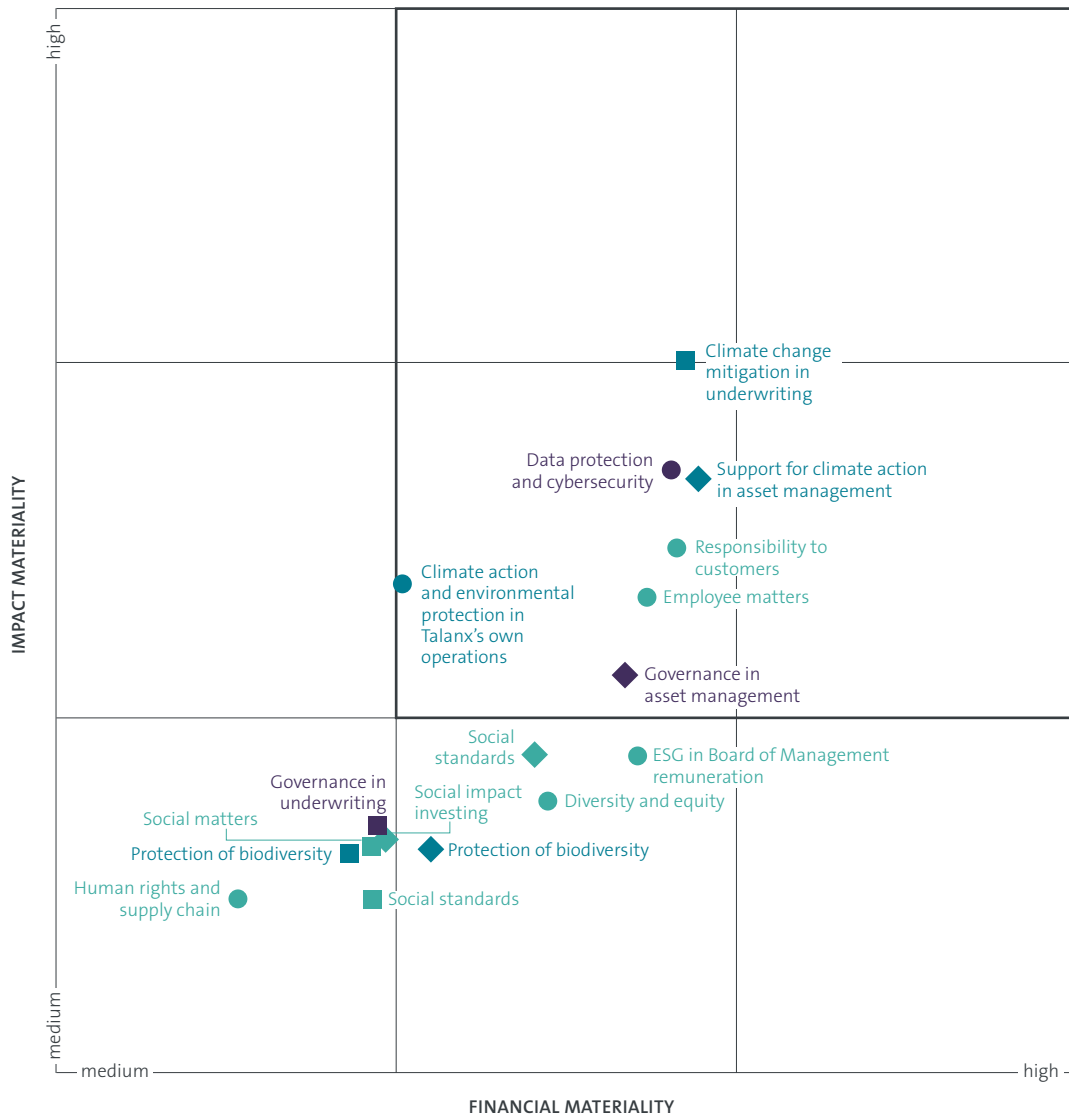
GRI 2-29 1. Analysis of relevant stakeholder groups: After breaking them down into two core groups – “affected stakeholders” and “users” – the Talanx Group’s division-specific and overarching stakeholders were identified and their influence and interests per division were evaluated. The groups identified for the Talanx Group are customers (retail and industrial customers), brokers, the Board of Management, employees, the Supervisory Board, investors, rating agencies, supervisory authorities, suppliers, reinsurers, policymakers, NGOs, associations, the media and the research community.

2. Identification of non-financial topics: A list of 81 relevant, forward-looking topics was prepared on the basis of common standards (e.g. the UN Global Compact or the GRIs), ESG ratings (e.g. Sustainalytics and MSCI), emerging regulations (e.g. the Corporate Sustainability Reporting Directive (CSRD) or the German Supply Chain Due Diligence Act (LkSG)), megatrends (from the World Economic Forum) and developments in the sector (the sustainability reports produced by peers or insurance-specific standards such as the PSI). The topics were divided into “insurance-specific” and “general” factors and assessed using the “compliance”, “peers” and “future outlook” categories, resulting in a shortlist of 17 topics.

3. Implementation: The defined topics were assessed for their business relevance to the Group (financial materiality) and the Group’s effect on the topics concerned (impact materiality) using an interview/questionnaire guide or desk research, with the stakeholders participating awarding points to them. The topics were also validated by the Talanx Group’s Board of Management.

The stakeholder survey revealed seven material topics that are highly relevant for the Talanx Group. The topics have been arranged on the basis of their business relevance (horizontal) and the Group’s impact (vertical). The allocation to specific E, S and G clusters is indicated using colours, whereas the symbols used stand for the “asset management”, “underwriting” and “operations” areas.

THE TALANX GROUP’S MATERIALITY MATRIX



GRI 3-3

THE TALANX GROUP'S POTENTIAL IMPACTS

Material topics	Especially important for (selection)						Areas impacted within the Group	Areas impacted outside the Group
	Customers		Investors		Employees			
	Opportunity	Risk	Opportunity	Risk	Opportunity	Risk		
Climate change mitigation in underwriting		x		x		x	All divisions (esp. product development, sales)	Customers, intermediaries
Data protection and cybersecurity		x		x		x	Group	Esp. customers, business partners, suppliers
Support for climate action in asset management	x		x		x		Asset Management, Investment	Capital market participants, countries/ regions in which investments are made
Responsibility to customers	x		x		x		Group, esp. Product Development, Underwriting, Sales	Customers, intermediaries
Climate action and environmental protection in Talanx's own operations	x		x		x		Group, esp. Purchasing, Internal Services	Suppliers
Employee matters	x		x		x		Group, esp. Human Resources Management and employees	(Potential) applicants, customers, business partners
Governance in asset management	x		x		x		Asset Management, Investment	Capital market participants, countries/ regions in which investments are made

GRI 3-2 The main changes compared to the last materiality analysis have been in the priorities assigned to the topics. Whereas the topic of climate change has clearly gained in importance thanks to it being broken down into three issues – “climate change mitigation in underwriting”, “support for climate action in asset management” and “climate action and environmental protection in Talanx's own operations”, the “compliance”, “supplier management” and “digital transformation” aspects were no longer classified as material due to the existing statutory framework. Nevertheless, the Talanx Group still reports on progress made in these areas. For example, in the area of supplier management information is provided on the activities of the interdisciplinary working group relating to the due diligence obligations set out in the German Supply Chain Due Diligence Act (LkSG), which were conducted in order to comply in full with future due diligence requirements ([Supplier management](#)).

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. Particular attention is paid to the Group's international nature and the need to ensure a balanced range of opinions is emphasised. Regular surveys are used to obtain feedback from customers ([Responsibility to customers](#)) and employees ([Employee recruitment and development](#)). 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. To specifically accommodate investors and analysts who are interested in sustainability, the Talanx Group participates e.g. in a variety of ESG rating processes such as those conducted 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.

MAPPING THE REPORT STRUCTURE TO THE MATERIAL TOPICS

	Report structure	Material topics
E (Environmental) ¹	Climate-related and environmental matters	Climate change mitigation in underwriting Support for climate action in asset management Climate action and environmental protection in Talanx's own operations
S (Social) ²	Social matters	Responsibility to customers Employee matters Human rights and supply chain ⁴
G (Governance) ³	Governance	Governance in asset management Data protection and cybersecurity

¹ “E” comprises environmental matters (in accordance with section 289c of the HGB).

² “S” comprises social and employee matters and respect for human rights (in accordance with section 289c of the HGB).

³ “G” comprises anti-corruption and bribery matters (in accordance with section 289c of the HGB).

⁴ The Talanx Group still reports on progress made in this area even though it is no longer a material topic following the update to the materiality analysis.



E

Climate-related and Environmental Matters

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Climate-related and Environmental Matters

Climate-related and environmental matters in asset management

The Talanx Group's total assets under own management amounted to approximately EUR 129 billion as at the end of the 2022 financial year. Of this figure, 84% was invested in fixed-income securities as at 31 December 2022, while equities accounted for roughly 1.5%. Roughly 5.9% of the investment volume was invested in real estate. The remainder was attributable to asset classes such as private equity and infrastructure, and to short-term investments and other investments.

CR1 3-3 In addition to the Group's own efforts to systematically incorporate sustainability aspects into asset management on a long-term basis ([Sustainability Commitment](#)), the materiality analysis has shown that ESG aspects play a core role in the Talanx Group's investment decisions. In particular, the topics of "Support for climate action in asset management" and "Governance in asset management" were considered to be material by the Group's stakeholders ([Materiality analysis](#)). Consequently, investment decisions are highly relevant for both stakeholders and the business, and have significant environmental, economic and social impacts.

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. The Talanx Group wants to avoid negative impacts from investments in issuers that are not sustainable, and also to have positive effects on society and the environment. The basic principle is that sustainable development can only be achieved if environmental, economic and social objectives can be achieved simultaneously.

A Group-wide ESG screening process has been developed and implemented to facilitate this. The Responsible Investment Committee

(RIC) defines and regularly reviews the filter criteria used for screening, and takes individual decisions on whether to increase, retain or divest investments.

Any recommendation to divest holdings that do not comply with the screening criteria is generally implemented by the end of the year it is made. The recommendations by the committee therefore serve as the basis for consistently implementing the Group-wide sustainability strategy within asset management. The RIC is chaired by Talanx AG's CFO; other members are the CFOs of the divisions, the heads of Asset Management, the Head of Group Strategy and Sustainability, and the managing directors of Ampega Asset Management GmbH (hereinafter referred to as "Ampega").

The UN Global Compact's principles were specified as the initial screening criteria for investment decisions. Above and beyond the environmental criteria anchored in the Compact, the Talanx Group has expanded its filter catalogue to exclude thermal coal. It no longer invests proprietary funds in companies which, according to available information, generate more than 25% of their revenue and production from thermal coal. Comparable existing investments will be divested by 2038 as part of the Talanx Group's planned exit from thermal coal. A similar exclusion for companies that generate more than 25% of their revenue from oil and tar sands, which are particularly harmful for the climate and the environment, was also added to the filter catalogue. In addition, no investments shall be made in companies involved in new greenfield Arctic drilling projects. Therefore, the screening process excludes those issuers from investment that generate 10% or more of their revenue from offshore oil and gas extraction within the Arctic Circle (66° 34' N).

The Talanx Group also signed up to the United Nations' Principles for Responsible Investment (PRI) in 2019, committing itself to observing the PRI's six principles for responsible investing, and is incorporating these into its asset management processes.

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) or Building Research Establishment Environmental Assessment Methodology (BREEAM) programmes. Such certification schemes assess the environmental, economic, sociocultural 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, Ampega has been helping to develop a sustainability standard for the sector in Germany since the ESG Circle of Real Estate (ECORE) was formed. The entire property portfolio is being reviewed for ESG risks on the basis of the ESG scoring process developed by Ecore. ESG scoring is also used as an additional source of information when making investment decisions. The focus here is on property-specific consumption values, the technical building features and insights gained from operating the properties.

TCFD In parallel to its classic screening-/exclusion-based approach, the Talanx Group aims to continuously improve its sustainability approach. In line with the climate strategy developed in 2021, 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) was reduced.

Talanx is financing sustainable mobility

Talanx has invested more than EUR 60 million in the purchase of 28 new, passenger-friendly trams for Rostock's local public transport authority. By making this investment, we are helping to ensure efficient, emissions-saving local transport and assisting with the transition to sustainable transport. The new trams, which will be deployed in Rostock from 2025 onwards, will run solely on green electricity and will hence be carbon-free. They were financed by a syndicate in which we were the largest investor. Such projects underscore our sustainable and responsible investment policy in line with ESG criteria.

Our Group is increasingly investing in projects that are combating climate change. These include investments in sustainable infrastructure projects such as wind farms and solar farms, power grids, digital infrastructure and transport infrastructure. Our Group has built up substantial expertise in these areas in recent years and has a specialised unit investing directly in selected projects, supplying both equity and debt.

Talanx's infrastructure project portfolio had a volume of EUR 3.2 billion as at the end of financial year 2022. EUR 1.5 billion of this figure was attributable to renewable energy generation. Our original goal was to increase our sustainable investment volume to EUR 8 billion by 2025. We had already achieved this at the end of 2022.¹

¹ The amount may change due to changes in interest rates and durations. The target was reached for the first time in mid-December 2022, but the figure as at the 31 December reporting date had dipped slightly below it.

We want to have reached net zero emissions in our investment portfolio in 2050. Our team has already made a significant contribution to this with our sustainable investments – a great success!

■ Dr Jan Wicke,
Chief Financial Officer, Talanx AG



From 2025 onwards, the trams in Rostock will be powered solely by green electricity, and will hence be carbon-free.

PROGRESS MADE WITH ESG IN INVESTMENT

Key objectives and measures	2022	2021	2020
Reduce carbon intensity (Scope 1 and 2) by 30% compared to 2019 baseline by 2025	-20%	-15%	-11%
Expand sustainable investments to EUR 8 billion by 2025	EUR 7.9 billion ¹	EUR 7.2 billion	-
Active engagement with issuers	45	36	-

¹ The amount may change due to changes in interest rates and durations. The target was reached for the first time in mid-December 2022, but the figure as at the 31 December reporting date had dipped slightly below it.

The Talanx Group’s medium-term goal is to achieve a 30% reduction in the carbon intensity of its self-managed liquid portfolio by 2025 compared to the 2019 baseline. This corresponds to an annual reduction in its carbon intensity of roughly 7% and is an important part of the long-term path towards the Group’s target of reaching net zero by 2050. A 20% reduction in carbon intensity had already been achieved by the end of 2022.

A company’s carbon intensity is calculated using its Scope 1 and Scope 2 emissions, measured in tonnes of CO₂, standardised by the revenue for a financial year in million USD. The portfolio intensity is the market-weighted aggregation of the intensity of the individual portfolio components. This allows a carbon intensity figure to be calculated for each of the Talanx Group’s divisions. To ensure the targets for the divisions remain constant, the intensity of the portfolio is measured at all times using the fair value weightings for the segments as at the starting date (31 December 2019); this prevents changes relating to the fair value of the 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. This permits the impact of individual investment decisions to be taken into account in all cases, including additional purchases.

More detailed technical analyses of the portfolio holdings enabled their carbon intensity, among other ESG factors, to be linked more closely with the investment processes in the course of 2022. The fact that there are differences between the investment strategies 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. Energy, water and waste data for the portfolio of directly held properties are evaluated annually so as to determine the carbon emissions, and measures to cut carbon emissions are then derived from this. Where the properties are suitable for this, an efficient energy management system is also used to achieve additional energy savings. The fact that green electricity is sourced for building owners’ power supplies ensures sustainable energy supplies are used for the directly held property portfolio.

GRF 203-1 In addition to reducing the carbon intensity of its investment portfolio, the Talanx Group is increasingly focusing on investments that combat climate change. Chief among these are investments in sustainable infrastructure projects. The Group has systematically built up expertise in this area in recent years and a specialised unit invests directly in selected projects, supplying both equity and debt.

Among other things, the infrastructure portfolio includes equity and debt investments in wind farms, solar farms, power grids and transport infrastructure projects in Germany and the rest of Europe. The Talanx Group has provided financing solutions for, or is an equity investor in, 23 wind farms, four of which are located offshore. As at the end of financial year 2022, the Group’s infrastructure project portfolio totalled approximately EUR 3.2 billion, with roughly EUR 1.5 billion of this figure being attributable to renewable energy generation.

The Talanx Group developed a framework for classifying sustainable investments in 2021. These investments comprise:

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 that relate to renewable energy or climate-friendly public transport, or 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).

EUR
8
BILLION

target for sustainable investments
was reached for the first time in
mid-December 2022.

The planned sustainable investment volume of EUR 8 billion was reached for the first time in mid-December 2022, but the figure as at the 31 December 2022 reporting date had dipped slightly below it again. The volume depends on changes in interest rates and durations.

The Talanx Group also discharges its responsibility as an investor by engaging in an active and systematic dialogue with individual issuers. In line with this, the engagement process was again expanded in 2022 and integrated with the ESG investment process. The structured process starts by using objective criteria to identify those issuers in greatest need of engagement. These criteria include both all screening criteria already mentioned and particularly high carbon intensities or critical ESG ratings from leading external rating agencies. The expected effectiveness of engagement is then assessed for the issuers identified in this way, based on the size and nature of the investments, but also on regional and cultural aspects. Where the Talanx investments are sufficiently material, a dialogue is held with the issuers concerned.

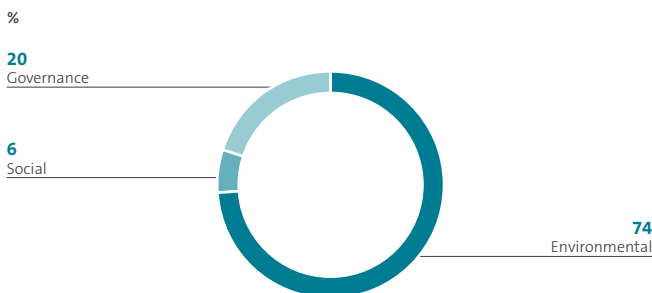
This dialogue aims on the one hand to obtain additional information about the weaknesses in the area of ESG that have been identified and, on the other, to have a positive influence on the ongoing development of the issues identified. The objective is to establish whether and, if so, in what form the Talanx Group can remain invested in the issuer.

To do this, the analysts responsible communicate the Talanx Group's ESG requirements and expectations extremely clearly and unambiguously. Equally, the goal of the dialogue is to establish how importantly the issuers take the ESG topics addressed. The focus here is not just on the ambitions formulated by the company concerned, but also on concrete measures and their implementation status.

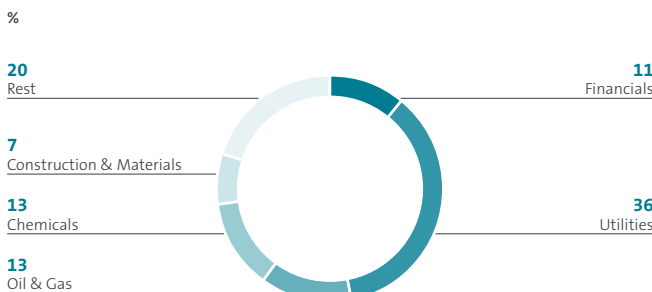
If the experts gain the overall impression that the company is transitioning to a more sustainable business model, the Talanx Group can remain invested in it. However, if the level of ambition is considered to be too low or not concrete enough, or if the measures are insufficient, consequences ranging from a prohibition on further investment down to divesting the positions concerned will be taken. The procedure to be adopted is resolved by the RIC on a case-by-case basis.

Engagement processes were conducted with 45 issuers on 51 issues in 2022. Environmental (E) topics dominated most of them. In terms of the sectors involved, most engagement processes were conducted in the area of utilities, followed by oil and gas companies and the chemical sector. Portfolio Management documents the results of the discussions.

ESG ENGAGEMENT PROCESSES



ENGAGEMENT PROCESSES IN DIFFERENT INDUSTRIES



The European Commission has also assigned the topics of climate action, environmental protection and sustainability a high priority with its Green Deal, and has resolved far-reaching measures to reduce greenhouse gas emissions by 2050. 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 will follow.

At the heart of the rules is the Taxonomy Regulation – an assessment scheme in which the Commission provides binding technical details of which economic activities are considered to be environmentally sustainable. In other words, the Taxonomy Regulation creates transparency as to whether a particular economic activity makes a positive contribution to defined EU sustainability goals from the European Commission's perspective. In line with this, the Taxonomy is also a key transparency criterion for the sustainability of the Talanx Group's investments.

The reporting discloses these sustainable investments in comparison to the investments reported in the statement of financial position. The volume of investments disclosed is adjusted by deducting cash at banks, cheques and cash-in-hand plus any funds withheld by ceding companies. Investments for the benefit of life insurance policyholders who bear the investment risk are added in. Funds withheld by ceding companies are cash deposits or securities accounts associated with technical provisions that the Talanx Group cannot access directly.

Q-ESG score

In order to objectively assess the ESG profile of the Group's portfolio, ESG scores for corporate bonds and equities from established rating agencies are taken into account. This information is summarised as a standardised average, known as the Q-ESG score, that includes sector-specific ESG characteristics.

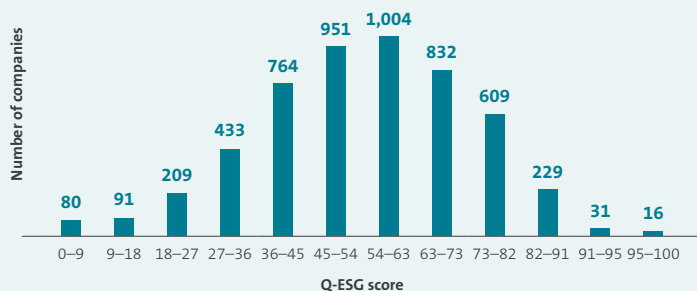
This not only systematically includes the consideration of ESG issues in the investment selection process, but also consistently enhances the use of ESG as a quantitative element of the investment strategy.

In addition, measuring the sustainability level permits relative ESG ambitions (i.e. ambitions that are in keeping with local market conditions) to be formulated for the international portfolios. The Talanx Group's goal here is to ensure that the sustainability of the investments made is above average overall. This allows Group companies to actively support the transition to a more sustainable economy with their investment strategy.

Ambition levels are specified directly by the divisions so as to define ESG ambitions for the international portfolios that are as appropriate as possible for local market conditions. The ability to use the Q-ESG score to quantify appropriate ESG ambitions for local portfolios in itself represents a key contribution to integrating ESG in the investment process. In addition, the ambition levels are stored in the control systems and monitored for the portfolios on a daily basis.

The Q-ESG scores are calculated on the basis of external ESG ratings. Such ratings are currently available for roughly EUR 51 billion worth of investments. Coverage for corporate bonds and equities is therefore good, permitting effective management of these asset classes using the Q-ESG score. This means that the divisions can manage not only a material proportion of their portfolios but also what are, from an investor perspective, core ESG asset classes for supporting the transition to a more sustainable economy.

The values for a broad range of companies are determined so as to optimise the assessment of the Q-ESG score:



Methodology

The Q-ESG score measures the sustainability of a company on a scale of 0 to 100. The higher the score for a company, the higher its sustainability level as measured by the Q-ESG score. The assessment is largely based on external ESG ratings. These are condensed in three stages to produce a Q-ESG score:

Step 1: Normalisation and standardisation

First of all, the external ESG ratings are converted to a uniform scale. The normalisation process retains specific characteristics of the original ESG ratings, such as high mean values or variations in the ratings for special sectors. The subsequent standardisation process neutralises these structural differences between the ratings.

Step 2: Calculation of mean values

The mean values for the normalised and standardised ratings produced in Step 1 are then calculated.

Step 3: Restandardisation

To enable the Q-ESG score to also reflect sector-specific ESG characteristics, the values in Step 2 are adapted in such a way that the mean level and mean variation of the original ratings per sector can be achieved again.

As a result, the Q-ESG score combines external ESG ratings into an aggregated score while taking sector-specific ESG characteristics into account.

Q-ESG score coverage

The Q-ESG score can be calculated for more than 5,200 companies. A variety of standard market indices for developed and emerging markets is used in the process. The current mean Q-ESG score across all companies is approximately 54. The graphic on the left shows the breakdown as a whole.

The investments recognised in the statement of financial position also serve as the starting point for determining Taxonomy eligibility. Article 7 (1) to (3) of Commission Delegated Regulation ((EU) 2021/2178) specifies that the exclusions below must be made when calculating the key performance indicators:

Exposures to central governments, central banks and supranational issuers are excluded from the calculation of the numerator and denominator. Derivatives are excluded from the numerator. All issuers that are not obliged to publish non-financial information pursuant to the EU's Non-Financial Reporting Directive (NFRD) should be excluded from the numerator. These exposures are therefore not included in the numerator (and also not in the denominator in the case of government bonds) for the KPIs (i.e. they are "out of scope").

The European Commission has clarified that the KPIs on Taxonomy eligibility that are published as part of the non-financial reporting can be used to determine whether investments are Taxonomy-

eligible. This information became available for the first time in part in the 2022 reporting period.

The assessment of whether investments are Taxonomy-eligible starts by excluding all investments whose country of issue is not subject to EU law, since these investments do not fall within the scope of the NFRD reporting requirements as a matter of principle. An internal screening process is performed on a substantial proportion of liquid investments whose country of issue is covered by the NFRD reporting requirements, and the results are used for further clarification. The Talanx Group takes a conservative approach to minor holdings for which no data are available and reports them as Taxonomy-non-eligible. Given Talanx's international investment universe, the share of investments made in issuers that are not covered by the NFRD reporting requirements is naturally high.

As a basic principle, all investments associated with the purchase and ownership of real estate are considered to be Taxonomy-eligible. This includes land and buildings held as investment property, real estate

funds and residential mortgage loans. Where liquid investments in companies whose country of issue is subject to the NFRD are concerned, data from an external service provider are being used for the first time this year to assess whether they are Taxonomy-eligible. However, the results of manual screening are used to assess investments in the case of material exposures for which the data provider does not supply any information. Direct equity interests taking the form of special purpose vehicles (SPVs) and infrastructure investments in the form of property, plant and equipment, equity interests or loans are also classified as Taxonomy-eligible investments if the internal data at our disposal identify the economic activity concerned and the Taxonomy contains assessment criteria for them. If this is not the case, such investments are reported as being Taxonomy-non-eligible. Retail and private equity funds are considered not to be subject to the NFRD requirements until they can be reliably classified, since insufficient data are available and their investment universes largely have an international focus.

Data quality for the KPIs reported depend to a large extent on current data availability. The Talanx Group assumes that both data availability and data quality will improve over time and that this will affect the reportable Taxonomy KPIs.

TAXONOMY METRICS IN ASSET MANAGEMENT

	2022	2021	2020
Proportion of Taxonomy-eligible investments (Taxonomy-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	11.83%	7.80%	–
Proportion of Taxonomy-non-eligible investments (Taxonomy-non-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	42.57%	33.20%	–
Proportion of derivatives (total derivatives/(total assets for the Taxonomy KPIs – government bonds)) * 100	0.55%	0.30%	–
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	45.05%	58.70%	–
Proportion of government bonds (government bonds/total assets for the Taxonomy KPIs) * 100	26.31%	20.80%	–

Climate-related and environmental matters in underwriting

GRI 3-3 | 203-2 The Talanx Group’s insurance services can have indirect environmental and economic impacts on sustainable development. The Company is aware of this, which is why it is continuously expanding its ESG approach in its underwriting activities as well. 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 has undertaken to work together with customers and business partners to raise awareness of sustainability, identify and manage risks, and develop appropriate solutions. The Talanx Group

considers that it has a particular responsibility to partner proactively with its customers and support them during this transition, so as to drive forward the economy’s sustainable structural transition.

This being the case, it has, among other things, introduced underwriting restrictions for thermal 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 thermal coal industry and whose share of revenue exceeds 30%. The Group stopped insuring newly planned thermal coal infrastructure in April 2019, making 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 thermal coal risks in its insurance portfolio by roughly 18% compared to 2019.

REDUCTION IN THERMAL COAL RISKS IN UNDERWRITING¹

Key objectives and measures	2022	2021	2020
Reduction in thermal coal infrastructure risks compared to 2019 baseline	-17.70%	-12.64%	-3.65%

¹ Adjustments to the figures reported for previous years are due to updates to historical data.

The Talanx Group developed a multi-stage plan in the reporting period that sets out its Group-wide exit from thermal coal by 2038 in greater detail. The plan aims to successively phase out existing risks from thermal coal infrastructure in the Group using thresholds for coal mining for power stations, and for coal-fired power stations.

The Group is engaging in a cooperative and focused dialogue with the companies concerned in order to implement its exit plan. The objective is to transparently examine the companies’ potential transition together, so as to actively contribute to customers’ sustainable development.

The first phase, which will run from 2023 to 2025, will focus on companies that generate more than 30% of their revenue in the thermal coal sector and that either extract more than 100 million tonnes of thermal coal per year for power stations or that operate coal-fired power plants with a total installed capacity of 25 gigawatts or more. Where a transition to below the relevant thresholds does not occur, these companies’ thermal coal infrastructure will be excluded from insurance cover by the end of the phase. In the next phase, which will run until the end of 2029, the thresholds will be tightened to 50 million tonnes for thermal coal extraction and 10 gigawatts for power generation from thermal coal. The third phase (up to 2037) requires a transition to below the thresholds of 20 million tonnes and 5 gigawatts respectively. If a company does not meet these criteria, the Group will shed its thermal coal infrastructure portfolio as from 2036 onwards. By the end of 2038 at the latest, all thermal coal infrastructure will have been removed from the insurance portfolio, regardless of whether or not these are affected by the thresholds.

However, in those countries in which thermal coal plays a particularly large role in the energy mix and where access to alternative energy sources remains insufficient, the Group may, after reviewing the technical standards, permit a limited number of individual exceptions based on an adjusted reduction path in order to support the transition away from thermal coal.

In addition to its restrictive underwriting policy for thermal coal infrastructure, the Talanx Group is increasingly concentrating on restrictions relating to insuring oil and gas projects. To date, the main focus in this area has been on excluding oil and tar sands, which are particularly harmful for the environment, and the goal is to reduce existing risks to zero by 2038.

Since mid-2022, the Group has been specifically updating its positioning in relation to oil and gas projects. The following additional exclusions on an individual risk basis were resolved by the RUC at the beginning of 2023, in line with the planning, and will take effect as at 1 July 2023: The Talanx Group will not provide insurance cover for new greenfield upstream oil and gas projects. This extends the existing decision, which was limited to the Arctic, to all regions. In addition, the Group will not offer insurance cover for new midstream projects for pipelines and tank farms (new and stand-alone) that are directly linked to greenfield upstream oil developments. Equally, it will exclude insurance cover for any stand-alone oil-fired power plants, which have not yet been under construction or operation as of 1 July 2023.

The Talanx Group is of the opinion that regions that play a particularly sensitive role in relation to nature conservancy and environmental protection must receive special treatment. As a result, it will not accept any new Arctic region oil and gas drilling project policies. The Arctic region is defined as the zone to the north of the Arctic Circle, which has a latitude of 66°34' north of the Equator. This also includes the Arctic National Wildlife Refuge (ANWR) in the United States.

However, in those countries in which thermal coal plays a particularly large role in the energy mix and where access to alternative energy sources remains insufficient, our main focus is on accelerating the withdrawal from thermal coal and supporting the transition to renewable energy. In line with this, the Talanx Group will make a limited number of exceptions so as to permit insurance of new greenfield gas projects. These exceptions will be made on a case-by-case basis following an examination of the technical standards, provided that the project concerned supports the exit from thermal coal.

As an insurer and key partner for industry, the Talanx Group is monitoring all fossil energy sectors in dialogue with its customers and is continuing its existing policy of consistently adjusting its underwriting guidelines in line with the risks involved.

In addition to its restrictive approach to fossil fuels, the Talanx Group is increasingly focusing on risks associated with preserving natural habitats and ecosystems. The Group is aware of its role and its influence with respect to the exclusion of particularly environmentally detrimental projects. For example, deep sea mining not only impacts ecosystems directly but also leads to the loss of unique biodiversity. This is why the Group will exclude the underwriting of deep sea mining project risks as from 1 July 2023.

The exclusions mentioned in this chapter apply to all Group risk carriers and companies over which Talanx exercises control. In the case of the Hannover Re Group, the restrictions apply to its facultative division.

The Responsible Underwriting Committee (RUC) determines the screening criteria to be adopted and regularly reviews the underwriting policy. The RUC comprises the members of Talanx AG's Board of Management. The criteria are integrated in the underwriting guidelines at the level of the divisions and risk takers responsible for the businesses in question.

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 the exclusions, the Talanx Group is concentrating on targeted reviews of potential ESG risks by the specialist departments in the divisions. These processes systematically 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 continuously monitors the ESG risks facing its customers and/or insurance products for the duration of the business relationship.

The Talanx Group is committed to implementing to the Paris Agreement on climate change and, in line with this, has adopted a net zero emissions target for its insurance portfolio by 2050. By doing this, the Group is contributing to climate protection. The results of the Partnership for Carbon Accounting Financials (PCAF) and regulatory developments are being monitored closely so as to ensure that an adequate methodology for managing the insurance portfolio by its carbon emissions is implemented. 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.

In its role as a leading industrial insurance and reinsurance group, the Talanx Group aims to act as a partner for businesses and to support them in their sustainable transition to a low-carbon economy through constructive yet critical dialogue. This sustainable transition will be driven by innovation. The Talanx Group's engineering insurance operations are constantly addressing issues relating to new, environmentally friendly technologies and their insurability. The Group assists here by transferring the risk of property damage or loss of earnings, among other things, hence facilitating the introduction of the innovations concerned. Talanx is already one of the most important renewable energy (re)insurers. Its insurance portfolio comprises (onshore and offshore) wind power, photovoltaic, geothermal

energy, hydroelectric power and biomass projects. The Talanx Group insures both traditional generation methods and innovations such as floating wind farms or floating photovoltaic plants. In addition, the Talanx Group helps heavy industry customers which aim to transition to sustainability by switching to green hydrogen, for example. It does this by providing them 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 technologies. In Poland, it is partnering with the Ministry of Climate and Environment to analyse and assess the hydrogen industry's expectations towards 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.

In addition, the Talanx Group is facilitating the transition to sustainable transport by providing risk cover. For example, electric battery fires in local public transport vehicles represent a risk for the Group's customers. 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 whose expert knowledge is also used 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.

Safely sourcing warmth from the depths

Experts say that geothermal energy could account for 17% or more of heating requirements in Germany by 2050. This prospect means geothermal energy has an important role to play in the transition to sustainable energy supplies. The current energy crisis is giving projects in this area another boost. Last year, only a few dozen plants with drilling depths of up to 5,000 metres were utilising hot water with a temperature of up to 180 degrees Celsius for district heating or process heating. But this figure will likely increase many times over in the coming decades.

HDI Global has been involved in insuring geothermal energy projects for 15 years, and is now Germany's leading insurer in this area, as well as a European leader. However, leveraging this natural source of energy is not without risk. The Engineering Insurance unit analyses all potential projects in depth to ensure they are assessed correctly. HDI Risk Consulting's risk engineers assess the geological conditions, review the expertise and track records of the companies commissioned and work closely together with the project managers and drilling experts before and during the drilling phase. Support is currently being provided for a number of projects in Germany and Switzerland.

In this way, HDI Global is serving as an expert partner in the transformation to a zero-emissions energy industry.

<https://www.hdi.global/en-gb/about-us/sustainability/>



The future belongs to renewable resources. We are helping to transform the economy by insuring risk situations on a case-by-case basis.



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



Talanx is Germany's leading insurer for geothermal energy projects.

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

TCFD Above and beyond this, the Group is continuing to anchor sustainability aspects across the entire product offering in its German and international retail and commercial clients business. The products are being reviewed and optimised for their sustainability impact as part of this process. The product approval process for all life insurance products has included sustainability goals as from this reporting period due to the more extensive supervisory and management requirements set out in the EU’s Insurance Distribution Directive (IDD) in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council. The products’ target market definitions are being expanded to include sustainability preferences and information on them is elicited in the course of the advisory meetings on insurance-based investment products. As regards retirement provision, the Talanx Group has developed a digital fund guide for retail customers. 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 base their fund selection on sustainable funds. “CleverInvest”, the unit-linked annuity insurance product, gives customers the option of choosing sustainable funds, while these are all that are offered in the case of “CleverInvest Green” (**CI** [CleverInvest Green](#)). 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 insurance business is supporting retail and business customers in transitioning to a sustainable economy. Among other things, the Talanx Group insures damage to photovoltaic plants up to the replacement value, and compensates for potential loss of earnings. Another major focus is on promoting e-mobility.

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 affects the frequency and strength of extreme weather events. Cases of more 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 such climate change risks.

TAXONOMY METRICS IN UNDERWRITING

	2022	2021	2020
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	63.60%	62.80%	–
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	36.40%	37.20%	–

The Talanx Group has reported its Taxonomy-eligible premiums – i.e. its entire gross premiums for those lines of insurance that provide cover for climate change risks in addition to other risks – since financial year 2021. An overview of the relevant Taxonomy KPIs is given in the **CI** [Metrics and targets](#) section below. From financial year 2023 onwards, the Talanx Group will successively report the Taxonomy-aligned gross premiums for the insurance lines, in line with the rules set out in the Taxonomy Regulation and the procedure adopted for the investment area. However, the Taxonomy-aligned 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.

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.

GR 3-3 The Talanx Group does not operate any physical production facilities but rather offers services in the area of insurance and finance. As such, its operations by definition have less of an impact on the environment or the climate than, for example, manufacturing enterprises or companies that make heavy use 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 – if not engaged in mobile working – commute 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. These objectives are:

- To remain climate-neutral (incl. offsetting) in Germany, where more than 44% of the Group’s staff are employed and
- To achieve net zero emissions targets at an operational level throughout the Group by 2030 at the latest (Scope 1, 2 and 3 including offsetting)

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, it attempts to use water and paper responsibly, and to reduce waste, around the world.

The Talanx Group follows ISO 14064, the international greenhouse gas (GHG) standard. It built on this systematically in the 2022 reporting period to expand its internal framework for ensuring uniform data capture, reporting and quantification of greenhouse gas emissions throughout the Group.

Scope 1 and Scope 2 greenhouse gas emissions, and Scope 3 emissions from business travel, fuel- and energy-related activities, paper and water consumption categories, are measured and reported in line with the reporting thresholds defined in the GHG Protocol's operating approach. In the same way, the data centre and remote working categories were added to Scope 3 in Germany in the 2022 reporting period.

The reporting categories are defined as follows:

- **Scope 1:** Direct emissions from sources owned or controlled by the organisation (liquid or gas fossil fuels, owned and leased vehicles, and refrigerants emitted by cooling systems)
- **Scope 2:** Indirect emissions from purchased or acquired energy (electricity, district heating, steam and cooling water)
- **Scope 3:** Indirect emissions from business-related activities and supply chains (e.g. business travel or purchased goods and services)

GR1 305-1 | 305-2 | 305-3 | 305-4 | 305-5 | TCFD Total emissions for the Group excluding Hannover Re amounted to 31,106 tonnes of CO₂ equivalents (CO₂e) in 2022; this corresponds to a drop of 37% compared to 2019 (the basis for the 2021 reporting period changed to 30,487 tCO₂e as a result of the change to Scope 3). More specifically, 8,318 tonnes of this figure related to Scope 1 emissions and 10,074 tonnes to Scope 2 emissions. Total Scope 3 emissions amounted to 12,714 tonnes. The fact that last year's reduction in emissions compared to 2019 has largely been maintained points to long-term effects caused by fundamental changes in working practices (such as mobile working and virtual meetings). In particular, however, it is due to the results of continuing efforts to reduce the Talanx Group's environmental footprint.

GREENHOUSE GAS EMISSIONS^{1, 2, 3, 4}

In tCO ₂ e (unless otherwise stated)	Change year-on-year	2022	2021	2019
Total GHG emissions (market-based)⁵	2.0%	31,106	30,487	49,283
Market-based emissions from energy consumption in buildings	-9.0%	11,704	12,858	22,076
Emissions from business travel	122.7%	4,496	2,019	7,240
Scope 1, direct GHG emissions	8.1%	8,318	7,698	11,791
Natural gas consumption	-6.5%	1,519	1,625	4,691
Liquid fossil fuels	-5.1%	111	117	154
Own/leased vehicles	12.3%	6,688	5,956	6,946
Scope 2, indirect GHG emissions (location-based)	-12.2%	15,541	17,700	27,487
Scope 2, indirect GHG emissions (market-based)	-9.4%	10,074	11,117	17,231
Market-based emissions from electricity consumption	-10.5%	6,287	7,023	9,665
District heating and cooling	-7.5%	3,787	4,093	7,566
Scope 3, other indirect GHG emissions	8.9%	12,714	11,673	20,261
Air travel	351.0%	3,112	690	5,719
Rented cars and taxis	-8.1%	1,123	1,222	1,339
Rail travel	143.9%	261	107	182
Energy upstream	-7.7%	5,528	5,986	7,384
Paper consumption	-13.6%	649	751	739
Water consumption	-35.4%	122	189	252
Data centre/cloud computing ⁶	-22.0%	1,692	2,169	4,646
Remote working ⁶	-59.5%	227	560	—
Market-based GHG emissions per employee (Scope 1 + 2)	-4.1%	0.94	0.98	1.47
Market-based GHG emissions per employee (Scope 1 + 2 + 3)	0.0%	1.58	1.58	2.50
Total energy consumption in MWh	-5.3%	62,067	65,519	104,055
Electricity consumption from non-renewable energy sources in MWh	-1.9%	14,382	14,661	21,377
Electricity consumption from renewable energy sources in MWh	-10.9%	18,550	20,811	24,490
Proportion of electricity consumption from renewable energy sources	-2.4 ppts.	56.3%	58.7%	53.4%
Energy from primary energy sources (oil, gas, etc.) in MWh	-6.4%	7,950	8,495	19,921
Delivered heat and cooling in MWh	-1.7%	21,186	21,553	38,267
Energy consumption per employee in MWh	-7.1%	3.16	3.40	5.27
Fuel consumption in litres	33.9%	2,810,584	2,099,501	2,887,761
Fuel consumption per employee in litres	31.2%	143.02	109.01	146.28

¹ Data do not include the Hannover Re Group.² Information per employee based on active core employees, not including the Hannover Re Group (2022: 19,651, 2021: 19,260, 2019: 19,741).³ 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 14064.⁴ Rounding differences may occur.⁵ Adjustments to the figures reported for previous years are due to updates to historical data and methodological adjustments (made to accommodate the effects of the COVID-19 pandemic, among other things).⁶ Data only for Germany.

One of the Group's key environmental goals in its own operations is to maintain its commitment to climate neutrality (including offsetting) in Germany. In 2022, as in the past, unavoidable carbon emissions under Scope 1, Scope 2 and Scope 3 – to the extent that these were not offset directly at the service provider – were offset by purchasing and decommissioning high-quality emission reduction certificates.

The carbon certificates acquired in 2022 relate to investment in a project to restore degraded peatlands on Sumatra (Indonesia) that is classified as an "afforestation, reforestation and revegetation/wetlands restoration and conservation" (ARR/WRC) project. Peatlands have great biological value since they store large amounts of CO₂. In addition to restoring wetlands, the project is also engaged in afforestation and pursues a number of social criteria. Consequently, the project –

which contributes to achieving eight SDGs – meets global standards such as the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity Standards (CCBSs). Hannover Re uses projects in Indonesia and Uganda for offsetting.

CARBON OFFSET PORTFOLIO BY PROJECTS AND REGIONS SUPPORTED FOR GERMANY¹

In tCO ₂ e (unless otherwise stated)	Latin America	Asia	Other
Afforestation/peatland restoration (ARR/WRC ²)	—	6,700	—
Sustainable forest management (REDD+ ³)	1,076	1,076	—
Offsetting by service providers ⁴	—	—	2,139
Share of total offsetting (10,991 tCO ₂ e)	10%	71%	19%

¹ Data do not include the Hannover Re Group.

² Afforestation, reforestation and revegetation/wetlands restoration and conservation.

³ Reduction in emissions from deforestation and destructive forest use.

⁴ Offsetting already performed by Deutsche Bahn and airlines, and through the use of fuel cards.

GR1 302-1 | 302-3 | 302-4 Indirect emissions from purchased energy (electricity, district heating, steam and cooling water) are calculated using location- and market-based emission factors supplied by Ecoinvent, Germany's Federal Environmental Agency (Umweltbundesamt – UBA) and the International Energy Authority (IEA). All other emissions are determined on the basis of Defra conversion factors and in accordance with DIN EN 16258.

The Talanx Group focuses its efforts to improve its overall energy performance and to reduce its energy consumption primarily on its business premises and offices. For example, the Group is continuously optimising its energy efficiency and reducing its energy consumption by deploying new, more efficient technologies and sys-

tematically reducing its office space. It sources electricity from renewable sources in 16 countries, including Germany; at the end of 2022, 56.3% of the Group's total electricity worldwide was from renewable sources (2021: 58.7%, 2019: 53.4%). The slight year-on-year decrease in this share is due to the fact that those countries that use a substantial proportion of renewable energy reduced their total energy consumption by a particularly large amount.

In 2022, 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, plus changes to the building management system, also contributed to this. However, one of the most effective measures is reducing the office space used through efficient space management which has helped reduce both electricity and heating energy consumption, especially in Germany.

These savings are also reflected in the energy intensity (the ratio of energy consumption to the area involved). Energy intensity at our locations in Germany remained constant at 0.16 MWh/m² (2021: 0.16 MWh/m², 2019: 0.18 MWh/m²) despite the more compact space and more intensive use of the offices following the end of the pandemic restrictions.

At the same time, the Group is working to scale 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 taken by employees and to switch to alternative solutions such as online meetings where possible. In 2022, as was to be expected, the number of flights and other business trips such as rail journeys and trips using rental cars increased year-on-year. This was due to the end of the restrictions caused by the COVID-19 pandemic.

DISTANCES TRAVELLED^{1, 2, 3}

In km (unless otherwise stated)	Change year-on-year	2022	2021	2019
Total distance travelled	171.1%	39,624,776	14,615,370	48,994,023
Total air travel	365.9%	26,318,050	5,648,864	25,137,504
Short-haul air travel	127.8%	3,583,189	1,572,716	6,984,630
Medium-haul air travel	327.8%	9,986,959	2,334,312	6,223,184
Long-haul air travel	631.9%	12,747,902	1,741,836	11,929,690
Air travel per employee	356.6%	1,339.3	293.3	1,273.4
Total train travel	144.3%	8,120,441	3,324,484	17,158,068
Total car travel	-8.1%	5,186,286	5,642,021	6,698,451
Total distance in km per employee	165.7%	2,016.4	758.8	2,481.8

¹ Data do not include the Hannover Re Group.

² Information per employee based on active core employees not including the Hannover Re Group (2022: 19,651, 2021: 19,260, 2019: 19,741).

³ Rounding differences may occur.

In 2022, a pilot project was launched to electrify the fleet of company cars in Germany. The goal is to make a further contribution to achieving net zero emissions in operations across the Group by 2030 at the latest by switching the company's fleet over to electric vehicles. The pilot vehicles are being used to gather experience on charging options, including at our locations, and on how to integrate them in our operational processes.

GR1 301-1 | 301-2 | 303-1 | 303-2 | 303-3 | 303-5 | 306-1 | 306-2 | 306-3 The Talanx Group is also working to steadily 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 considers systematically reducing its paper consumption to be important, 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.

CONSUMPTION OF PURCHASED GOODS^{1, 2, 3}

	Change year-on-year	2022	2021	2019
Copying/printing paper consumed in kg	-23.7%	405,569	531,814	747,816
Recycled paper in kg	-33.1%	283,521	423,899	—
Paper consumption per employee in kg	-25.2%	20.64	27.61	37.88
Water consumption in m³	0.5%	180,147	179,307	184,751
Water consumption per employee in m³	-1.5%	9.17	9.31	9.36

¹ Data do not include the Hannover Re Group.

² Information per employee based on active core employees not including the Hannover Re Group (2022: 19,651, 2021: 19,260, 2019: 19,741).

³ Rounding differences may occur.

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. However, given the measures that have already been implemented it is becoming more and more difficult to identify significant additional 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 locally.

WASTE (GERMANY)^{1, 2, 3, 4, 5}

In tonnes (unless otherwise stated)	Change year-on-year	2022	2021	2019
Total waste	13.6%	1,619	1,425	2,619
Recycling	40.5%	961	684	1,454
Recycling in %	+11.4 ppts.	59.4%	48.0%	55.5%
Energy recovery	2.9%	246	239	472
Composting of natural waste	27.5%	51	40	63
Residual waste (non-IT)	-21.4%	360	458	612
Electronic waste (small and large electronic devices)	-48.0%	0.8	1.5	2.0
Hazardous waste	-63.1%	0.6	1.6	15.0
Waste per employee	11.8%	0.19	0.17	0.28

¹ Data do not include the Hannover Re Group.

² Information per employee based on active core employees not including the Hannover Re Group (2022: 8,483, 2021: 8,529, 2019: 9,237).

³ Total waste quantities are based on actual, estimated or extrapolated data.

⁴ Rounding differences may occur.

⁵ Decimal places have not been shown in all cases, or the figures shown have been rounded to one decimal place only, for reasons of legibility. However, the year-on-year changes were calculated using all decimal places.

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.

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 action and environmental protection in the enterprise.

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

Key changes in the KPIs year-on-year are primarily due to the ability to include reported Taxonomy information from issuers in investments, which became possible for the first time. The Talanx Group assumes that the KPIs will continue to develop in future reporting periods as more data become available, and draws attention to the lack of reliable data and the lack of uniformity in Taxonomy report-

ing. This means that, at present, the information available as to whether or not investments are actually Taxonomy-eligible is highly limited in its significance.

Due to the unclear regulatory requirements governing how the KPIs are to be reported for financial year 2022, the information on Taxon-

omy eligibility relates solely to the portion of turnover that is generated with Taxonomy-eligible and Taxonomy-non-eligible issuer activities. Consequently, this information can be expected to be more meaningful than in the case of KPIs that are based on capital expenses (CapEx). In line with this, these KPIs have not been disclosed in addition for cost-benefit reasons.

GOALS AND MEASURES: CLIMATE-RELATED AND ENVIRONMENTAL MATTERS

Area	Goal	Key measures	Scope	Status in 2022	Status in 2021
Climate-related and environmental matters in asset management	Climate-related and environmental matters in asset management	Reduce carbon intensity (Scope 1 and 2) by 30% compared to 2019 baseline	Group-wide	-20%	-15%
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 7.9 billion ¹	EUR 7.2 billion
		ESG screening of investment portfolio	Group-wide	Ongoing	Ongoing
		Exit thermal coal by 2038; exclude companies generating more than 25% of their revenue and production from thermal coal and divest existing holdings in such companies by 2038	Group-wide	Ongoing	Ongoing
	Taxonomy	Share of Taxonomy-eligible investments (Taxonomy-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	11.83%	7.80%
		Share of Taxonomy-non-eligible investments (Taxonomy-non-eligible investments/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	42.57%	33.20%
		Share of derivatives (total derivatives/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	0.55%	0.30%
		Share of ineligible entities pursuant to the NFRD (investments in entities not covered by NFRD reporting requirements/(total assets for the Taxonomy KPIs – government bonds)) * 100	Group-wide	45.05%	58.70%
		Share of government bonds (government bonds/total assets for the Taxonomy KPIs) * 100	Group-wide	26.31%	20.80%
Climate-related and environmental matters in underwriting	Net zero emissions by 2050	Reduce carbon intensity	Group-wide	Ongoing	Ongoing
		Exit thermal coal and oil sands by 2038: reduce thermal coal infrastructure risks compared to 2019 baseline	Group-wide	Ongoing	Ongoing
		ESG screening of insurance portfolio	Group-wide	Ongoing	Ongoing
		Increase premium volume for renewable energies and green technologies	Group-wide	Ongoing	Ongoing
	Expand sustainable insurance solutions	Expand sustainable insurance solutions to mitigate the consequences of natural disasters	Group-wide	Ongoing	Ongoing
		Support the global transition to green energy by providing insurance for renewable energies and technologies	Group-wide	Ongoing	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	63.60%	62.80%
		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	36.40%	37.20%
Climate and environmental protection in the enterprise	Net zero emissions by 2030	Reduce GHG emissions compared to 2019 (Scope 1, 2 and 3 emissions)	Group-wide ²	-37%	-38%
		Optimise energy consumption	Group-wide	Ongoing	Ongoing
		Increase use of renewable energy sources	Group-wide	Ongoing	Ongoing

¹ The amount may change due to changes in interest rates and durations. The target was reached for the first time in mid-December 2022, but the figure as at the

² 31 December reporting date had dipped slightly below it.

² Excluding Hannover Re.



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Social Matters

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Social Matters

Social matters in asset management and underwriting

As a listed enterprise with roughly 24,000 employees serving customers in more than 175 countries around the world, the Talanx Group takes its social responsibilities seriously. This is why social aspects also play a major role in the Talanx Group's investment and underwriting decisions.

For example, compliance with social standards and principles has been stipulated as a key filter 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 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). Investments in companies involved in controversial weapons (such as anti-personnel mines) are also excluded.

In line with the engagement process described in the section entitled [Climate-related and environmental matters in asset management](#), a dialogue with identified issuers is also sought in the Social area, where Talanx's investments are sufficiently material.

The Responsible Investment Committee (RIC) defines and regularly reviews the social screening and exclusion 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 achieved its self-imposed target of EUR 8 billion of sustainable investments until 2025 at the end of 2022 for the first time.¹ Among other things, it provides finance for public sector infrastructure projects such as hospitals, universities and courthouses.

This infrastructure benefits society and helps to ensure that public sector institutions function properly.

The revision of the social focus of the Group's sustainability strategy led to promoting access to infrastructure being added as a strategic social focus. Access to infrastructure is considered to have a social dimension because of its positive impact on society. This focus area comprises transport, energy, telecommunications, waste disposal, recycling, hospitals, universities and court buildings.

In keeping with its social focus area of "Promoting access to infrastructure", the Group acted as a partner in a public infrastructure modernisation project by [financing new trams](#) in Rostock in 2022. It has invested more than EUR 60 million in the purchase of 28 new, passenger-friendly trams for Rostock's local public transport authority. By providing this long-term finance, the Group is helping to preserve efficient, emissions-saving local transport and hence providing support for mobility solutions forming part of the transition to sustainable transport.

What is more, the Talanx Group has significantly increased its exposure to social bonds. One key example in this area is its subscription of European Union bonds designed to directly mitigate the impact of the COVID-19 pandemic. Among other things, it invested in 2022 in bonds under the EU Support to mitigate Unemployment Risks in an Emergency (SURE) programme, which were issued in response to the COVID-19 pandemic. By doing so, the Group is making a further contribution to reducing the consequences of the pandemic. All in all, the Group continued to confirm its sustainable and responsible investment policy in accordance with ESG criteria in 2022.

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

¹ The amount may change due to changes in interest rates and durations. The target was reached for the first time in mid-December 2022, but the figure as at the 31 December reporting date had dipped slightly below it.

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. The range of products offered in primary insurance covers all existential risks for retail and commercial customers. In addition, reinsurance enables other insurance companies 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. The Talanx Group has undertaken to abide by both the principles of the UN Global Compact and the standards set out in the Principles for Sustainable Insurance (PSI), and applies these consistently. Corresponding screening processes are performed as a standard part of the underwriting process.

Social aspects are also incorporated into concrete solutions for products in many cases. 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.

In Germany, the biometric risks product portfolio was expanded to include essential abilities cover. Both term life insurance and occupational disability insurance have had a firm place in our product portfolio for many years. The Group also helps promote social and financial inclusion by providing support for the health insurance business in markets with insufficient healthcare services, increasing 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, 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.

Corporate social commitment

Social commitment is a key area in which the Talanx Group can contribute directly to society and also promote employee involvement by providing publicity, and supporting volunteering and donation campaigns. This, too, helps underpin the Group's aim to support 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 systematically addressing and continuously enhancing it as part of its sustainability strategy.

The sustainability strategy review in the reporting period created a uniform strategic framework for its social responsibility activities, which are generally organised at local level, and embedded this in the Group strategy ([Business model and strategy](#)). Consequently, projects in the areas of "Ensuring access to education", "Employee's journey" and "Diversity, equity and inclusion" are also given special consideration in the Group's social commitment activities.

Due to the Group's decentralised organisational structure and the deep roots that its local subsidiaries have in their respective locations, the individual subsidiaries and branches select their own projects, assign their own resources to them and assess their effectiveness in terms of the sustainability strategy. Involvement takes many forms and is always tailored to local needs in the countries concerned. This allows the Talanx Group to have a positive impact on society above and beyond its actual business activities.

Ensuring access to education

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

The Group's activities here include the HDI Foundation, which sponsors high-performing students drawn from all across Germany with 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 supports students through its "WIR" scholarships in Germany and at an international level via individual projects such as the "Young Talent Award" in the Netherlands.

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 Group's international educational support activities are wide-ranging. For example, its Turkish subsidiary takes part in a fund-raising event for Türk Eğitim vakfı, an educational organisation.

The focus in Latin America is on preparing young people from low-income regions for the world of work. The Group's Brazilian subsidiary does this by partnering with Fundacao Projeto Pescar Ltda, while in Chile a partnership with Christo Vive, which has the same aims, provides financial support for a project that trains young people how to repair cars.

Other examples of projects include assistance with building the Fundación Centro de Educación Popuilar educational centre in Uruguay and support for schools in Chile in the form of donations in kind, such as computers that were no longer being used.

Employee's journey

The Talanx Group's general commitment to its employees is described in detail in the [Employee matters](#) section. In addition, the Company has launched the TAUVE e.V. association for employees who, through no fault of their own, find themselves in severe economic or personal difficulties. Employees who qualify can apply to receive one-off financial support of up to EUR 5,000, which does not have to be repaid, from the Company.

Next door to Ukraine – and helping people directly

The Russian invasion of Ukraine led to more than 9 million people fleeing the country in the period up to November 2022 – most of them women and children. More than half of these refugees were received by neighbouring Poland. Citizens and organisations alike adapted to the situation swiftly and straightforwardly, providing accommodation, collecting donations, setting up initiatives and organising many different types of help.

WARTA, HDI International AG's Polish subsidiary, also joined in this work. Immediately after the war began it set up a relief fund endowed with roughly EUR 2 million. This was followed by a second fund with roughly EUR 200,000, which supports internal staff initiatives that help Ukrainian refugees. Employees volunteered in their spare time, donated money of their own, collected basic necessities and provided accommodation.

In addition, WARTA launched a "refugee employment programme" to help new arrivals transition to a new normal. To date, 26 people have found permanent employment for an unlimited period under the scheme. They work mainly in customer support, but also in IT, project management and finance.

Diversity, equity & inclusion

In addition to projects that support diversity, equity & inclusion overall, such as participation in Cologne's Christopher Street Day (CSD), projects that take individual aspects into account are also supported. Particularly important here are equal opportunities activities focusing on women and children.

For example, support is provided for the Empower Women Event in the Netherlands, while our Austrian branch uses a media campaign for International Women's Day to protest against the unequal treatment of women.



The immense humanitarian effort by our team in Poland was and is an example to us all. I would like to thank everyone who put our values into practice and lived up to our Purpose.



■ Dr Wilm Langenbach,
 Talanx AG Board of Management member responsible for the Retail International Division



The Group's donations to Ukrainian refugees were made both in cash and in kind.

Examples of how we promote equal opportunities for children are the Italian project *Albero della Vita*, which aims to ensure kids grow up in the best possible conditions. In Brazil, we support *Fumcad*. Instituto *Vocação*, which works to protect and defend children’s rights. In Germany, for example, we made a donation to the *Joey Kelly Challenge*, which was run by RTL’s “*Wir helfen Kindern*” (“We help children”) foundation.

The Talanx Group also promotes inclusion above and beyond its endeavours to comply with the statutory quota for employing people with severe disabilities in Germany. For example, the *Emma at Work* project in the Netherlands focuses on helping young people with physical disabilities to be independent.

Employee matters

GRI 3-3 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 in more than 175 countries, it is a major employer and provider of vocational training and continuous professional development. 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”. This is why achieving a work-life balance, a holistic approach to diversity, equity & inclusion, human resources support, staff training and development, and recruiting new talent are key action areas in the Group’s human resources strategy.

The Human Resources function saw substantial change in financial year 2022. Since 1 July 2022, Group Board of Management member *Caroline Schlienckamp* has been Labour Relations Director, and hence responsible for Group People & Culture. People management was also included as a focus topic in the Group strategy ([Business model and strategy](#)) and was closely integrated with the ESG strategy’s enhanced social focus via the “Diversity, equity & inclusion”, “Employee’s journey” and “Ensuring access to education” focus areas.

Human Resources Controlling is responsible for planning, managing and monitoring human resources activities and processes within the Talanx Group in Germany. Key elements of this work include regular headcount trend analyses and human resources reporting (both internally and externally). In addition, the Operational Auditing

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

Talanx as an employer

Talanx’s Primary Insurance Group simplified its operating structures in Germany in the spring of 2022 by establishing a new employer company, *HDI AG*. The move puts employee development and support at the heart of things, as core corporate goals. It created clear responsibilities and more efficient decision-making paths, so as to be able to implement key issues for the business’s future – such as digital transformation – uniformly and more swiftly throughout Germany. The main change for staff is the name of the company employing them. The risks takers have not changed.

TOTAL EMPLOYEES

	Number		
	2022	2021	2020
Active core workers	23,166	22,606	22,246
Active casual workers	503	530	455
Active core workers plus casual workers	23,669	23,136	22,701
Core workers in inactive employment relationships	759	818	822
Active core workers plus core workers in inactive employment relationships ¹	23,925	23,424	23,068

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

GRI 2-7 As in the Annual Report, the size of the Talanx Group’s workforce is calculated on the basis of the HGB requirements including casual workers; the total figure according to this method was 23,669 (2021: 23,136, 2020: 22,701). Due to the calculations used for human resources purposes, the number of employees reported in the following is the figure excluding casual workers and including inactive employment relationships (but not including people in the passive phase of partial retirement); in line with this, all other human resources metrics relate to the figure of 23,925 staff (2021: 23,424, 2020: 23,068).

WORKFORCE IN GERMANY/REST OF WORLD^{1,2}

	Number			%		
	2022	2021	2020	2022	2021	2020
Germany	10,460	10,492	10,622	43.7	44.8	46.2
Rest of world	13,465	12,932	12,406	56.3	55.2	53.8

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

² Rounding differences may occur.

WORKFORCE BY GENDER^{1,2}

	Number			%		
	2022	2021	2020	2022	2021	2020
Male	11,788	11,589	11,451	49.3	49.5	49.6
Female	12,137	11,835	11,617	50.7	50.5	50.4

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

² Rounding differences may occur.

WORKFORCE BY REGION AND GENDER^{1,2}

Region	Number						Gender in % by region					
	2022			2021			2022			2021		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Germany	10,460	10,492	10,662	43.7	44.8	46.2	52.5	52.2	52.7	47.5	47.5	47.3
Central and Eastern Europe including Turkey	4,255	4,149	4,090	17.8	17.7	17.7	42.1	41.7	42.0	57.9	58.3	58.0
South and North America	4,900	4,618	4,562	20.5	19.7	19.8	48.4	49.0	49.3	51.6	51.0	50.7
Rest of Western Europe	3,030	3,000	2,641	12.7	12.8	11.4	52.0	52.9	52.1	48.0	47.1	47.9
Other regions	1,280	1,165	1,113	5.4	5.0	4.8	43.8	42.8	43.8	56.2	57.2	56.2
Total	23,925	23,424	23,068	100.0	100.0	100.0	49.3	49.5	49.6	50.7	50.5	50.4

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

² Rounding differences may occur.

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE (GERMANY¹ AND REST OF WORLD²)³

	Number	Gender		Age		
		Male %	Female %	30 or younger %	30–50 %	Over 50 %
2022						
Germany						
Managers	793	75.7	24.3	1.0	53.2	45.8
Employees	8,072	51.0	49.0	10.1	50.8	39.1
Total	8,865	53.2	46.8	9.2	51.0	39.7
Total rest of world	11,481	46.3	53.7	16.1	65.6	18.3
2021						
Germany						
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
Total	8,958	53.2	46.8	8.9	51.1	39.9
Total rest of world	9,691	46.8	53.2	16.6	66.1	17.3
2020						
Germany						
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
Total	9,194	53.5	46.5	9.4	51.4	39.2
Total rest of world	8,968	46.4	53.6	17.3	65.9	16.8

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

² The percentage distribution was calculated on the basis of the data supplied by the foreign companies covered. 2021: Excluding France and Switzerland; 2020: Excluding the USA and Poland (TU Europa).

³ Rounding differences may occur.

There were no significant variations, e.g. for seasonal reasons, in the number of employees in the Talanx Group.

As shown in the table entitled “Workforce by employment contract, type of employment and gender”, 97.0% (2021: 97.1%, 2020: 96.4%) of Talanx Group employees have permanent employment contracts. A total of 10.3% (2021: 11.0%, 2020: 10.9%) of all employees work part-time.

WORKFORCE BY EMPLOYMENT CONTRACT, TYPE OF EMPLOYMENT AND GENDER¹

Employees	Number			Male			Female		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Temporary	707	680	838	274	259	382	433	421	456
Permanent	23,218	22,744	22,230	11,514	11,330	11,069	11,704	11,414	11,161
Full-time	21,470	20,839	20,548	11,451	11,258	11,143	10,019	9,581	9,405
Part-time	2,455	2,585	2,520	337	337	308	2,118	2,254	2,212
Total	23,925	23,424	23,068	11,788	11,589	11,451	12,137	11,835	11,617

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

At 4.6%, the Talanx Group in Germany (excluding Hannover Re) currently almost meets the statutory quota for people with severe disabilities of 5.0%. The Group has expressly set itself the goal of also being an attractive employer for people with disabilities.

GRI 2-30 90.4% (2021: 90.7%, 2020: 91.3%) of the Talanx Group's employees in Germany (excluding the Hannover Re Group) are covered by collective bargaining agreements, i.e. the companies concerned are members of the Employers' Federation or apply the national general collective agreement for the private insurance industry. A full 100% of staff are covered by collective bargaining agreements in the Retail International Division's branches in Italy and Mexico, while the figure for Brazil is 93% and that for Chile is 70%. In Industrial Lines, 100% of the workforce in Belgium, France and Spain are covered by collective bargaining agreements, 99% in the Austrian branch offices, 91% in Brazil and 89% in the Netherlands. 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, 344 (2021: 350, 2020: 355) commercial agents worked for HDI's tied agent operations as at the 2022 year-end.

Work-life balance

GRI 401-3 The Talanx Group 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 a working environment and working conditions in which everyone can combine a job with having a family as a matter of course. A Group works agreement for the German business units, NewWork@HDI, was signed on this subject back in 2021. The agreement sets out rules for dealing with the new normal and facilitates models featuring both working from home and office work. In addition, a wide range of care offerings for children and relatives are being created at the different locations in Germany. For example, the Company runs its own day-care centre in Hannover, helps to find kindergarten places, provides parent-child offices and offers a tax-free subsidy for children attending fee-paying facilities. In addition, the existing vacation care for school-age children was expanded during the reporting period. Our international branches such as those in Brazil, Chile, France, Italy, Greece, Spain and Switzerland also provide financial childcare support for parents.

RETURN FROM/RETENTION AFTER PARENTAL LEAVE (ABSOLUTE NUMBERS)

Absolute numbers	Germany						Rest of world					
	2022	2021	2020	2022	2021	2020	2022 ¹	2021	2020	2022 ¹	2021	2020
On parental leave in previous period	193	171	196	313	346	340	58	42	71	250	279	283
Returned to work in the reporting period or planning to return in the following year	192	168	191	295	317	307	55	37	68	228	210	222
Retention rates after parental leave	161	147	164	123	130	123	47	37	65	181	154	178

¹ 2020 to 2022 reporting periods: No data available for the USA, Italy and Hungary.

RETURN FROM/RETENTION AFTER PARENTAL LEAVE (RELATIVE NUMBER)¹

Relative number in %	Return from parental leave						Retention after parental leave ²					
	Germany			Rest of world ³			Germany			Rest of world ³		
	2022	2021	2020	2022 ⁴	2021	2020	2022	2021	2020	2022 ⁴	2021	2020
Male	99.5	98.2	97.4	94.8	88.1	95.8	92.5	93.0	93.2	90.4	92.5	98.5
Female	94.2	91.6	90.3	91.2	75.3	78.4	96.1	90.3	96.1	90.5	90.1	90.4
Total	96.2	93.8	92.9	91.9	76.9	81.9	94.0	91.7	94.4	90.5	90.5	92.4

¹ Rounding differences may occur.
² Based on the staff returning from parental leave in the previous period.
³ Adjustments to the figures reported for previous years are due to updates to historical data.
⁴ 2020 to 2022 reporting periods: No data available for USA, Italy and Hungary.

Occupational health and safety

The risks of physical injury and accidents, and exposure to other health hazards at work are relatively low at Talanx, since the company offers services in the areas of insurance and finance. At the same time, the safety and health of its employees while at work is of the greatest importance to the Group. It has therefore set itself the express goal of continuously monitoring, and hence constantly optimising, health and safety standards so as to preserve and enhance the Talanx Group employees' performance and motivation.

GRI 403-1 | 403-2 | 403-3 | 403-4 | 403-7 Section 3 of the German Labour Protection Act (ArbSchG) requires the Talanx Group to establish an occupational health and safety system. 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 these procedures are followed and help the responsible staff play an active role in ensuring occupational safety. 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 employees with severe disabilities (currently 405 in number). The German Health and Safety at Work Act (ASiG) and the accident prevention regulations set out and regulate the statutory minimum standards. The international subsidiaries have also taken occupational health and safety measures that comply with or exceed local occupational health and safety legislation.

GRI 403-9 In the case of Talanx Group employees, accidents at work are broken down into in accidents that take place during work and those that take place on the way to or from work (commuting 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 11 accidents at work at the Talanx Group in Germany (not including the Hannover Re Group) in 2022 (2021: 9, 2020: 8), corresponding to an accident at work ratio of approximately 0.1% (2021: 0.1%, 2020: 0.1%). In addition, there were two accidents on the way to or from work in 2022 (2021: 5, 2020: 8), corresponding to a ratio of approximately 0.02% (2021: 0.1%, 2020: 0.1%).

DAYS LOST RATIO (DAYS LOST DUE TO SICKNESS) IN GERMANY^{1,2,3}

	%		
	2022	2021	2020
Male	5.1	3.9	4.2
Female	7.4	5.9	6.2
Total	6.2	4.8	5.1

¹ Not including the Hannover Re Group.
² Comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, and vocational and graduate trainees are not included.
³ Rounding differences may occur.

The days lost ratio measured is contrasted with the industry average, which is based on the figures provided by the employers' association. At 6.2%, the days lost ratio for Talanx employees in Germany (not including the Hannover Re Group) is below the industry average (for 2022) of 7.0%.

GRI 403-5 | 403-6 Employees have access to a wide range of preventive measures as part of the Company's holistic health management programme, allowing them to strengthen their personal resilience. These range from support for precautionary measures through advice on mental health issues down to preventing addiction. The CPD offerings in Poland include courses on achieving a work-life balance, stress reduction, and mental health and emotions. In Germany, the HDI Health Year provides flanking support for offerings, motivating employees to improve their health by eating healthily, exercising and reducing stress, among other things. The Talanx Group provides an external counselling service for employees facing stressful personal, professional or health situations, enabling them to obtain personalised professional advice.

Nutrition – and hence the food provided every day in the Group's staff canteens and cafeterias – also plays a major role in maintaining employee health and well-being. The subsidised JOB&FIT-certified canteens emphasise regional and seasonal food, which is prepared daily.

The risks associated with performing tasks are regularly assessed, and employees are given occupational health and safety training 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).

Remuneration and performance

GRI 2-19 | 2-20 The Talanx Group’s remuneration system comprises a performance-driven and responsibility-based salary, plus performance-based payments and attractive social benefits. Salary adjustments based on internal and external remuneration analyses ensure that the remuneration paid by the Group 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, a uniform, non-employee-specific evaluation of all management positions throughout the Group 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 Consequently, salaries are paid exclusively on the basis of the job performed, taking employees’ qualifications and performance into account. 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. Salaries also exceed statutory minimum wage levels in the Industrial Lines Division’s international units, such as in Brazil, Canada, Italy and the United States.

GRI 401-2 In addition to performance-related pay, flexible working hours and mobile working opportunities, the Talanx Group offers attractive social benefits. These depend on the precise contractual arrangements agreed and include capital accumulation benefits, occupational retirement provision, insurance services and subsidised use of public transport.

Equally, no distinction is made at foreign subsidiaries between full-time and part-time employees in the case of voluntary benefits. However, some benefits such as preventive healthcare measures and oc-



cupational retirement provision are reserved for employees with permanent contracts.

In 2022, Talanx Group staff in Germany (excluding the Hannover Re Group) had the opportunity to participate in Talanx AG’s fifth employee share programme. A total of 42% of employees took up this offer, a record participation rate. Once again, employees could choose flexibly between three different programme options, and received a subsidy of up to the maximum tax-free amount of EUR 1,440. This brought the total number of shares subscribed for in the five years in which the employee share programme has been running to 951,944.

GRI 401-1 All these benefits are reflected in the Talanx Group’s moderate employee turnover rate of 8.0% (2021: 7.8%, 2020: 8.4%) and the long average periods that Talanx staff in Germany (not including the Hannover Re Group) spend with the Company (15.0 years).

The Talanx Group’s success depends to a significant extent on its motivated and highly qualified staff.

NEW HIRES AND DEPARTURES BY GENDER AND AGE (GERMANY)¹

	New hires						Departures					
	Number			% ²			Number			% ²		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Male	331	264	390	3.7	2.9	4.2	428	418	450	4.6	4.5	4.7
Female	261	211	268	2.9	2.4	2.9	308	313	351	3.3	3.4	3.7
Total	592	475	658	6.7	5.3	7.1	736	731	801	8.0	7.8	8.4
Under 30	197	154	228	2.2	1.7	2.5	115	114	154	1.2	1.2	1.6
30–50	349	278	359	3.9	3.1	3.9	290	274	316	3.1	2.9	3.3
Over 50	46	43	71	0.5	0.5	0.8	331	343	331	3.6	3.7	3.5
Total	592	475	658	6.7	5.3	7.1	736	731	801	8.0	7.8	8.4

¹ Rounding differences may occur.

² Figures for Germany (not including the Hannover Re Group) were calculated uniformly using the average headcount.

NEW HIRES AND DEPARTURES BY GENDER AND AGE (REST OF WORLD)^{1,2}

	New hires						Departures					
	Number			% ³			Number			% ³		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Male	837	650	576	8.3	6.7	6.4	875	703	623	8.7	7.3	6.9
Female	978	851	530	9.6	8.8	5.9	978	836	637	9.7	8.6	7.1
Total	1,815	1,501	1,106	17.9	15.5	12.3	1,853	1,539	1,260	18.4	15.9	14.0
Under 30	730	656	448	7.2	6.8	5.0	575	571	432	5.7	5.9	4.8
30 – 50	974	772	588	9.6	8.0	6.5	1,053	808	668	11.4	8.3	7.4
Over 50	111	73	70	1.1	0.8	0.8	225	160	160	2.5	1.7	1.8
Total	1,815	1,501	1,106	17.9	15.5	12.3	1,853	1,539	1,260	19.4	15.9	14.0

¹ Rounding differences may occur.

² 2022 reporting period: Not including information on new hires and departures in Switzerland or departures by gender and age in Chile; 2021 reporting period: Not including new hires and departures in Spain, France and Switzerland or departures by gender and age in Turkey; 2020 reporting period: Not including information on new hires and departures in Spain, Poland (TU Europa Group) and Brazil (HDI Global Seguros S.A.) or departures by gender and age in Turkey.

³ Figures for the foreign companies were calculated uniformly using the average headcount (2022: 10,145, 2021: 9,691, 2020: 8,968).

More self-organisation in a culture of change

We live in a world full of volatility, uncertainty, complexity and ambiguity. In this environment, it's no longer enough for companies to rely on individual board members taking the right decisions at the right time. What is needed is for each and every team member throughout the organisation to play their part. Employees must largely organise themselves and take the decisions that will produce the best results independently and responsibly.

We foster a culture that revolves around collaboration, engagement and transparency, and that is based on mutual trust. Our people should see for themselves that what they do makes a difference. And they should be able to contribute every aspect of their personality. This is why Human Resources also puts people, their needs and their development at the heart of its strategy. Topics such as talent management, leadership development, diversity (including in management) and new ways of working are at the forefront of our day-to-day activities.

Some exciting news for new recruits: in 2023, Talanx is setting up three new dual-track degree courses on business information systems (with a focus on data science), IT security, and business mathematics and actuarial science (financial risk management). In addition, the Company supports on-the-job training for young staff so as to be able to appoint even more internal candidates to vacant positions in future.

Together we stand for a culture in which each and every one of us can contribute to the full and take Talanx forward as a whole.



■ **Caroline Schlienkamp**,
 Talanx AG Board of Management member,
 Labour Director and Chief Human Resources
 Officer



The Group-wide leadership principles are collaboration, engagement and transparency.

Employee recruitment and development

The Group has been using a uniform employer brand, HDI Group,¹ for employer marketing since 2021. It focuses consistently with this brand on targeting specific groups precisely, giving potential applicants insights into day-to-day work at the Company and its corporate culture.

GRI 202-2 The local HR units are responsible for implementing recruitment. In 2022, a new Recruiting Centre was set up in Germany to optimise and enhance recruitment measures; the new unit provides a one-stop shop for all recruitment activities including employer branding and sourcing. It aims to speed up appointment processes and ensure that different groups of candidates are addressed in a focused manner.

Cross-border talent recruitment is becoming an increasingly important issue. The HDI Group’s foreign units around the world recruit their own talent for their domestic markets. At the same time, the HDI Group has included diversifying the recruitment basis in all countries and promoting international intercultural exchanges in its strategy.

Employee recruitment in Germany focuses on customising approaches for specific target groups, expanding social media activity, and ensuring attractive employer marketing. Podcasts are published on specific topics, while the “Mitarbeitende werben Mitarbeitende” (“Employees recruit employees”) initiative specifically targets existing employees’ and vocational trainees’ personal networks. Another goal is to cater better to potential employees’ needs by optimising advertisements for part-time positions and expanding our dual-track vocational training and degree courses, and our graduate trainee programmes.

These courses and programmes form part of the HDI Group’s strategic approach to recruiting talented young staff, which also extends to supporting students via a number of scholarship programmes such as the HDI Foundation and the “Deutschlandstipendium” scholarships. Flanking measures include digital formats such as workshops, specialist lectures and guest presentations, excursions and direct dialogue with professors and students alike.

The HDI Group in Germany now offers 12 different vocational training and degree courses in the areas of business studies, insurance and finance, IT and business information systems, dialogue marketing, media design and catering. The graduate trainee programmes specialise in IT, risk management, underwriting, sales and financial control.

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. A total of 70% of trainees were given permanent positions in 2022. A further 13% set up shop as self-employed commercial agents as defined in section 84 of the HGB, who only represent the HDI brand.

The HDI Group has been a member of the Fair Company Initiative, Germany’s largest employer initiative for students and young professionals, since April 2016. The initiative aims to promote reliable, recognised quality standards and transparent rules for interns. The Talanx Group’s membership underscores its long-term commitment to providing responsible, forward-looking student placements.

YOUNG TALENT IN THE GROUP

	Germany			Rest of world			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Graduate trainees	35	50	58	183	165	146	218	215	204
Vocational trainees	287	302	306	—	—	—	287	302	306
Interns	15	14	11	—	—	—	15	14	11
Casual workers	309	264	240	194	266	215	503	530	455

High potentials and management positions

The Talanx Group has been using human resources development conferences to systematically identify high-potential employees and managers in all functions throughout Germany since 2021. It is using tailor-made measures to support these employees’ personal development and get them ready for the next steps in their careers. This policy will allow the Group to continue appointing internal candidates to vacant positions in the future. Succession planning for the Board of Management and for other management and key positions minimises the risk of staff no longer being available while further promoting employee development. Our international units are also included in the search for suitable succession candidates. What is more, the human resources development conferences pay special attention to female high-potentials.

¹ For the purposes of employer branding, the HDI Group comprises the Primary Insurance Group within Germany.

NEW APPOINTMENTS TO MANAGEMENT POSITIONS IN GERMANY ¹

	Number			%		
	2022	2021	2020	2022	2021	2020
Male	86	76	83	62.3	71.0	70.3
Female	52	31	35	37.7	29.0	29.7
Total	138	107	118	100.0	100.0	100.0
Internal	125	83	94	90.6	77.6	79.7
External	13	24	24	9.4	22.4	20.3
Total	138	107	118	100.0	100.0	100.0

¹ Rounding differences may occur.

An objective selection process is used when filling vacant middle management positions, comprising aptitude testing and a variety of situation-based exercises that are monitored by multiple observers. This process was also used in other European countries for the first time in 2022. An external management assessment is performed before filling senior management positions. This ensures an objective approach is taken to recruiting management staff at all levels.

Employee development

Continuously growing and developing employees is extremely important to the Talanx Group. In a volatile world, the knowledge and skills that are needed are changing all the time. The Group is adapting to this situation by offering employees both classic learning formats and self-directed learning in line with their needs and interests. This includes providing access to a variety of external learning platforms – an area in which the offering was expanded in 2022. HDI Group employees can contribute to, and actively interact with colleagues using, communities, the number of which is constantly growing within the Group. Other formats are being piloted in Germany; for example, a “Lernen” (“Learning”) action week was held in 2022.

GRI 404-1 Roughly 132,500 hours of training were documented internally at HDI in Germany in 2022, with male employees accounting for

roughly 59,100 hours and female employees for 73,400 hours. Of this figure, around 16,100 documented training hours were attributable to management staff. Around 113,400 training hours were held as face-to-face courses or as virtual courses complete with an instructor, while 19,000 were held online. Roughly 16,600 CPD days were held in Germany, 9,200 of which were attended by male employees and 7,400 by female employees. Broken down, this corresponds to approximately 1.8 days of CPD per person per year that were documented using the learning management system.

In addition, 289 employees were enrolled in a variety of different external education and training courses. 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. A total of 626 days of Bildungsurlaub (paid educational leave) were granted at HDI Group Germany in 2022.

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. The Industrial Lines and Retail Germany divisions 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 (**GRI Responsibility to customers**). Regular compliance, health and safety and information security training is mandatory at HDI, and all employees are automatically signed up for these courses.

GRI 404-2 The HDI Group’s development programmes at a glance:

- International Management Development Programme
- International Talanx Excellence Programme
- Certified Project Manager Development Programme
- Expert Development Programme
- First-time Manager Development Programme (German/English)
- High-potentials Programme
- Career Starter Programme for former vocational trainees and dual-track degree course students
- Graduate Trainee Programmes: IT, Risk Management, Underwriting, Sales and Financial Control
- Female Empowerment Programme

21
CANDIDATES

graduated from the Female Empowerment Programme in 2022.

The Group uses a range of suitable development programmes to support specific target groups such as young professionals, high-potential employees, experts, middle and top-level management, and women. The content of these targeted programmes is closely aligned with the Group's strategic focuses. The programmes are reviewed regularly for effectiveness and adapted to current requirements. A total of 199 people took part in the development programmes in 2022. Twenty-one candidates graduated from the Female Empowerment Programme this year, and eight of them had already been appointed to higher positions by the end of the year. The Female Empowerment Programme will be continued, and also rolled out internationally, in 2023. The First-time Manager Development Programme was also held internationally for the first time in 2022, and will be continued in 2023.

The Talanx Group practises transformational leadership, which is characterised by a culture of trust between managers and their teams at all levels of the hierarchy. A Group-wide international leadership initiative, the "Together Leadership Journey", was launched in 2021. This aims to systematically anchor the Group-wide management principles of "collaboration", "engagement" and "transparency" which are designed to help achieve the desired management culture. More than 50 one-day workshops were held around the world in 2022 for Board of Management members and managers from all divisions.

PROPORTIONS OF WOMEN IN THE GROUP (NOT INCLUDING CASUAL WORKERS AND GRADUATE TRAINEES)^{1,2}

	Germany				Rest of world				Total			
	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %
2022												
Total members of the Board of Management/managing directors³	47	7	54	13.0	74	9	83	10.8	121	16	137	11.7
Tier 1 managers	149	34	183	18.6	198	94	292	32.2	347	128	475	26.9
Tier 2 managers	371	116	487	23.8	555	291	846	34.4	926	407	1,333	30.5
Tier 3 managers	198	86	284	30.3	631	382	1,013	37.7	829	468	1,297	36.1
All managers	718	236	954	24.7	1,384	767	2,151	35.7	2,102	1,003	3,105	32.3
Active staff members not including managers	4,667	4,398	9,065	48.5	4,876	6,120	10,996	55.7	9,543	10,518	20,061	52.4
All active staff members, managers and people in inactive employment relationships⁴	5,488	4,972	10,460	47.5	6,300	7,165	13,465	53.2	11,788	12,137	23,925	50.7
2021												
Total members of the Board of Management/managing directors³	54	5	59	8.5	76	13	89	14.6	130	18	148	12.2
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
All managers	717	209	926	22.6	1,307	732	2,039	35.9	2,024	941	2,965	31.7
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
All active staff members, managers and people in inactive employment relationships⁴	5,512	4,980	10,492	47.5	6,077	6,855	12,932	53.0	11,589	11,835	23,424	50.5
2020												
Total members of the Board of Management/managing directors³	55	4	59	6.8	70	11	81	13.6	125	15	140	10.7
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
All managers	735	202	937	21.6	1,255	688	1,943	35.4	1,990	890	2,880	30.9
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
All active staff members, managers and people in inactive employment relationships⁴	5,622	5,040	10,662	47.3	5,829	6,577	12,406	53.0	11,451	11,617	23,068	50.4

¹ Comprises the entire Talanx Group including the Hannover Re Group.

² Rounding differences may occur.

³ Members of the Board of Management with multiple functions are only counted once.

⁴ Inactive employment relationships.

Inclusion in decision-making and feedback culture

GRI 404-3 The Talanx Group encourages all employees to say what they think and to provide honest feedback, without having to fear any consequences. Two new formats – LET’S GROW and the Feedback Arena – were introduced in the financial year, complementing the existing formats designed to strengthen our feedback culture such as the annual employee review procedure in Germany (“Let’s talk”) and the Group-wide Organisational Health Check (OHC). LET’S GROW is a participatory development model that enables participants to obtain systematic feedback from colleagues on their own development prospects. The Feedback Arena format is moderated by volunteer feedback coaches and constructively shows recipients where their strengths lie and where opportunities for improvement exist. A large number of training courses and e-learning modules on constructive feedback also aim to strengthen the Group’s feedback culture.

Diversity, equity & inclusion

For the Talanx Group, diversity, equity & inclusion (DE&I) are more than just material aspects of our corporate culture – they are also seen as an opportunity to leverage potential and contribute fresh viewpoints. The Group aims to recruit the most suitable staff possible and to retain them for the long term – regardless of their age, physical or mental abilities, gender and gender orientation, ethnic origin and nationality, social origin, religion or belief, or sexual orientation.

GRI 405-1 As a signatory to Germany’s Diversity Charter, the Group has actively promoted diversity for a decade now. The topic’s constant development and growing importance within the Group is reflected, for example, in the 2020 appointment of a Board of Management member as the Chief Diversity, Equity & Inclusion Officer. By adopting the principle “Be You. Together we are traditionally different”, the Talanx Group has committed itself to anchoring diversity, equity & inclusion at a strategic level. This commitment does not include Hannover Re, where the topic is strategically anchored in the current strategy cycle via the Talent Management Initiative. The success of our ongoing promotion of this topic can be seen from the fact that we were nominated for the German Diversity Award in the “Company of the Year” category in 2022, and that we finished in the top three.

The DE&I Board, which was founded in 2021 and which has an international membership, continued to successfully promote dialogue between the divisions on DE&I topics in the reporting period. In addition, the Retail Germany, Retail International and Industrial Lines divisions, HDI IT and Ampega each have their own working groups focusing on DE&I topics in their areas.

A large number of awareness-raising measures are conducted as part of the DE&I strategy. For example, the unconscious bias training courses that have been held since 2021 were supplemented in the reporting period by anti-racism training and coaching on inclusive language. These offerings were available to Board of Management members, managers and employees alike. Regular focus months on DE&I round off the measures available in Germany.

The Group’s international companies are also active in the area of diversity. For example, staff at Retail International’s Italian subsidiary receive financial support during parental leave or if they have relatives with severe disabilities. One of the measures taken in Mexico was to set up a breastfeeding room at the workplace. In Industrial Lines, the partnership in the Netherlands with Emma at Work aims to recruit and include staff with severe disabilities, while in the United Kingdom and Ireland an anonymised application procedure was established.

The Women@Talanx women’s network was established in 2014. In addition, the “pride@HDI” international LGBTIQ* network; the “HDI Starters Network” for vocational trainees and students; and a Safe(r) Space for and by Black People and People of Colour (“BIPoC@HDI”¹) were all formed in 2021. Three other networks were added in the 2022 reporting period: an international DE&I community, and the “Parents@HDI” and “Internationals@HDI” communities.

GRI 406-1 The Talanx Group 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. Discrimination is not tolerated under any circumstances. The Group investigates all suspected cases of discrimination and takes all necessary steps to sanction any cases that are found to exist, and to develop measures to put a stop to such behaviour. 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. A total of two cases of discrimination resulting in employment law consequences occurred in 2022.

Responsibility to customers

GRI 3-3 The “Responsibility to customers” group of topics focuses on the interests of customers, whose satisfaction is decisive for the Talanx Group’s success. Easy-to-understand information about insurance solutions and fair sales advice are particularly important for the Talanx Group here.

Customer satisfaction

Meeting the needs of our customers and sales partners takes top priority for us and is also reflected in the Talanx Values with their reference to “comprehensive customer orientation”. Key elements in addition to high-quality advice are transparency, fairness and innovative, customer-oriented products and services.

GRI 2-29 National and international Group companies use a variety of instruments to measure and analyse customer and sales partner satisfaction – from their own customer satisfaction surveys at customer contact points through external assessment tools and studies down to specialist conferences and the stakeholder dialogues that form part of our sustainability management activities. For example, companies belonging to the Retail Germany segment and Industrial Lines in Germany use the Net Promoter Score (NPS).

¹ BIPoC = Black, Indigenous and People of Colour.

Easy-to-understand information about insurance solutions

GRI 417-1 The Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) imposes extensive duties to inform customers on the insurance industry in Germany. The Talanx Group's international units comply with their local obligations to provide customers with information.

In addition, a binding framework for sustainability disclosure requirements in the financial services sector has applied in the European Union since 10 March 2021 under Regulation (EU) 2019/2088 of the European Parliament and of the Council. This establishes the following 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.

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). The companies in the Retail Germany Division have voluntarily undertaken to comply with this Code as well.

Giving customers easy-to-understand information and focusing on their needs are items included in 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.

GRI 417-2 | 417-3 Talanx is not aware of any cases for 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.

Fair sales advice

Following the implementation of the EU's Insurance Distribution Directive (IDD) in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council, manufacturers of insurance products have had to comply with more extensive supervisory and management requirements since 23 February 2018. The Directive also introduced stricter requirements with respect to qualifications and the advice provided. The companies in the Retail Germany Division, and the EU branches of the Retail International and Industrial Lines divisions comply with these. With effect from 2 August 2022, two supplementary Commission delegated regulations were intro-

duced, expanding the provisions of the IDD to include sustainability aspects. Sustainability factors now have to be observed during the product development and product review process and with respect to the target market. Customers' sustainability objectives must be taken account when determining whether there are any conflicts of interest during the distribution of insurance-based investment products. In addition, the suitability and appropriateness test must be expanded to include explaining and asking about sustainability preferences and, where possible, must take these into account. The companies in the Retail Germany Division comply with all these requirements.

Retail Germany obliges 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 and 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. The standardised digital sales processes used by HDI also provide for a consultation document to be drawn up and made available to customers in all cases.

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 actively informed that payment protection insurance is voluntary and is not a precondition for being granted a loan.

Additionally, the GDV and the banking associations are developing voluntary undertakings designed to further increase transparency.

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.

Talanx's Group-wide Code of Conduct sets standards for fundamental legal and ethical behaviour at all levels of the Group. The section entitled "Being fair in competition" 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.

Tailor-made insurance solutions

Industrial Lines uses a global network to offer centrally coordinated international insurance programmes. These ensure uniform global cover for classic liability, property, transport, group accident, vehicle fleet, legal expenses, cyber risk and risks covered by engineering

insurance. In this way, the requirements of group headquarters, local operational and legal requirements, and country-specific issues in the foreign markets concerned can be reconciled.

For example, in light of the war in Ukraine and the resulting rise in inflation, HDI insurance introduced a way for affected retail customers in Germany to defer premium payments. Vehicles registered in Ukraine and driven in Germany or Poland without proof of insurance (a “green card”) were offered vehicle liability insurance from HDI insurance (in Germany) or Warta (in Poland) via a cross-border policy.

Human rights and supply chain

GRI 2-23 The Talanx Group is aware of its responsibilities to customers, investors, employees and business partners when it comes to complying with applicable laws, conventions and regulations on human rights and on actively supporting employee rights, and takes these extremely seriously in its business activities. Among other things, the following disclosures create the transparency required pursuant to section 54(5) of the UK Modern Slavery Act 2015, to the extent that this applies.

A unit-linked climate package for a green private pension

Sustainability is now a major investment selection criterion for a good third of German customers. But when they are taking out life insurance other aspects such as security, flexibility and cost-effectiveness also play a role.

Two years after introducing its successful “CleverInvest” fund policy, HDI Lebensversicherung AG is now launching a new, sustainable variant – “CleverInvest Green”. With “CleverInvest Green”, customers can choose between around 40 sustainable funds – including individual managed funds, portfolios and a wide range of affordable ETFs. This enables the Company to accommodate the growing demand for environmental and social criteria. At the same time, “CleverInvest Green” offers customers a retirement provision product featuring strong growth opportunities, compelling security and maximum flexibility and freedom.

The new product combines all the benefits of CleverInvest with a fully sustainable investment approach for customers. Advantages include flexible change options – for the start of the pension, the contributions paid and the dynamic increases – through tax benefits and transparent costs down to fair expiry management, death protection and occupational disability protection without the need for a medical examination.

The new offering is the result of a fundamental decision: the objective is to raise awareness for more sustainability and future growth. This is also one of the reasons why HDI Lebensversicherung AG has joined with other companies in the sector to found the Sustainability in Life Insurance initiative.



Clever Invest Green allows us to combine three key factors: interest in the environment, individuals’ personal interests and interest in generating a return.



■ **Jens Warkentin**,
 Talanx AG Board of Management member
 responsible for the Retail Germany Division



“CleverInvest Green” offers a choice of roughly 40 sustainable funds.

After the Talanx Group finished rolling out its Code of Conduct – which had been expanded to include compliance with human rights – worldwide to all Group employees, it took additional measures based on this in the past financial year to ensure respect for human rights. The rules in the Code of Conduct make clear that nobody in the Company may in any way be forced to work through the use of 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 Company’s Code of Conduct and that form the basis for how we interact with each other.

These rules were supplemented in financial year 2022 by the inclusion in the Group’s Compliance Guidelines of a new chapter on sustainability. The Compliance Guidelines are addressed to all Group employees throughout the world and contain minimum compliance standards. The supplementary chapter mainly comprises rules on compliance with human rights that are based on the obligations set out in the German Supply Chain Due Diligence Act (LkSG), which came into force on 1 January 2023.

In addition to these internal rules, 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 document was revised in the past financial year to comply with the provisions of the LkSG, which came into force on 1 January 2023, and the new version was published.

In addition, the Group published a human rights policy statement on its corporate website in the 2022 reporting period in which it express-

ly commits to respecting human rights and to exercising corporate due diligence in respect of these rights.

The Talanx Group also has a whistleblowing system, which is accessible both internally and externally and which enables human rights breaches to be reported (including anonymously).

GRN 407-1 | 408-1 | 409-1 By signing up to the UN Global Compact, the Talanx Group 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 become a signatory to the UNGC committed it not only to support international human rights but also to ensuring freedom of association, eliminating forced labour and child labour, and taking steps to prevent employee discrimination.

Respect for human rights in the supply chain is described in more detail in the [Supplier management](#) section. 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 also discharges its human rights responsibilities by systematically promoting diversity, equity and inclusion through its Talanx Diversity Management programme ([Diversity, equity and inclusion](#)).

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 2022	Status in 2021
Social matters in asset management and underwriting	Enhance social responsibility in investments	ESG screening of investment portfolio	Group-wide	Ongoing	Ongoing
		Exclude issuers that do not comply with social criteria	Group-wide	Ongoing	Ongoing
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 7.9 billion ¹	EUR 7.2 billion
	Enhance social responsibility in underwriting	Include social criteria when underwriting risks	Group-wide	Ongoing	Ongoing
Expand insurance cover for previously inadequately insured sections of the population		Hannover Re Group	Ongoing	Ongoing	
Corporate social commitment	Strengthen the Company’s social responsibility	Support charitable projects and social initiatives	Group-wide	Ongoing	Ongoing
		HDI Foundation sponsored projects	HDI Group Germany	Ongoing	Ongoing

GOALS AND MEASURES: SOCIAL MATTERS

Area	Goal	Key measures	Scope	Status in 2022	Status in 2021
Talanx as an employer	Improve work-family balance	Flexible working time models	HDI Group Germany	Ongoing	Ongoing
		Expand support provided for childcare	HDI Group Germany	Ongoing	Ongoing
		Expand support provided for long-term care of relatives	HDI Group Germany	Introduced	Ongoing
	Promote employee health	HDI Health Year with offerings on specific topics	HDI Group Germany	Ongoing	Ongoing
		(Medical) advice for employees and addiction prevention	HDI Group Germany	Ongoing	Ongoing
	Internationality	International programmes, shadowing opportunities and secondments abroad	Group-wide	Ongoing	Ongoing
	Performance-related pay	Assign positions to salary bands set out in collective agreement for the insurance industry	Group-wide	Ongoing	Ongoing
		Use Hay job evaluation method for management functions	Group-wide	Ongoing	Ongoing
	Cultural transformation	Implement the Organisational Health Check (OHC) global employee survey	Group-wide	Ongoing	Ongoing
	Employee recruitment and development	Talent recruitment/optimum vacancy filling	Establish a recruiting centre	HDI Group Germany	Ongoing
Participate in careers fairs			HDI Group Germany	Ongoing	Ongoing
Implement assessment centres for middle management			HDI Group Germany	Done for first time	–
Strengthen employer brand		HR podcast, closely targeted campaigns	HDI Group Germany	Ongoing	Ongoing
Optimise development measures for specialists and managers		“Together Leadership Journey” for enhancing leadership skills	Group-wide	Ongoing	Ongoing
		Leadership Circle	HDI Group Germany	Introduced	Done for first time
		Launch specific development programmes (e.g. Female Empowerment Programme/Induction Programme for New Managers)	HDI Germany/ HDI Global	Ongoing	–
		Promote a new culture of learning	HDI Group Germany	Ongoing	Done for first time
		Introduce New Work using the New Work Campus	HDI Group Germany	Introduced	Done for first time
Strengthen feedback culture		Group-wide	Ongoing	–	
Diversity, equity & inclusion	Increase diversity at all levels of management, especially with respect to women	Appoint female staff and applicants to management positions; network, mentoring programme; extend seminar offerings designed to empower women	Group-wide	32.30%	31.70%
	Promote diversity and equity	Promote a non-discriminatory working environment e.g. through training to prevent unconscious bias, racism and discrimination	HDI Group Germany	Ongoing	Ongoing
Responsibility to customers	Enhance customer dialogue	Easy-to-understand information about insurance solutions	HDI Germany	Ongoing	Ongoing
Human rights and supply chain	Provide Group-wide information about LkSG due diligence obligations	Include a new “sustainability” chapter in Group-wide Compliance Policy describing the LkSG due diligence obligations	Group-wide	Done for first time	–

¹ The amount may change due to changes in interest rates and durations. The target was reached for the first time in mid-December 2022, but the figure as at the 31 December reporting date had dipped slightly below it.



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Governance

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Governance

Corporate governance

GRI 2-24 Effective, Group-wide corporate governance plays a key role in ensuring responsible corporate management based on sustainable value creation. It provides the framework for corporate management and control, including the enterprise's organisation and values, the principles that govern how it does business and its guidelines.

GRI 2-1 As a listed company based in Hannover, Talanx AG is governed by German stock corporation and capital markets law, as well as 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 and governance structure.

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 2-15 The transparency requirements and the control mechanisms that exist between the Board of Management, the Supervisory Board and the General Meeting that are required by law and by the Company's internal rules aim to prevent conflicts of interest.

GRI 2-9 | 2-11 | 2-12 Talanx AG has a two-tier board structure comprising the Board of Management and the Supervisory Board. The Supervisory Board appoints, oversees and advises the Board of Management. It is directly involved in decisions of fundamental importance and cooperates 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 comprising equal numbers of shareholder and employee representatives.

The Supervisory Board has formed the following committees to ensure that it performs its tasks effectively:

- Personnel Committee
- Finance and Audit Committee
- Nomination Committee
- Standing Committee

The Supervisory Board committees prepare the decisions of the Supervisory Board that lie within their respective remits and pass resolutions in lieu of the Supervisory Board to the extent that such powers have been assigned to them by the Rules of Procedure. The committee chairs report regularly to the Supervisory Board on the work of the committee for which they are responsible.

The Finance and Audit Committee (FAC) oversees the financial reporting process, including the effectiveness of the internal control system and of the risk management and internal audit systems. It discusses the quarterly reports and deals with issues relating to compliance, profitability trends at Group companies and the size of the loss reserves. Additionally, it prepares the Supervisory Board's review of the annual financial statements, the management report, the Board of Management's proposal for the appropriation of distributable profit, and the consolidated financial statements and Group management report, including the non-financial statement. In this context, the FAC familiarises itself in detail with the auditors' opinion of the net assets, financial position and results of operations, and obtains explanations of the effects of any changes in the accounting policies. The FAC is also responsible for monitoring the impartiality of the auditors, and the quality of the audit and of additional services provided by the auditors. It receives reports from the Board of Management and also, once a year, directly from the heads of the four key functions (compliance, risk management, underwriting and internal audit functions).

The Personnel Committee prepares resolutions by the Supervisory Board relating to members of the Board of Management and passes resolutions in lieu of the Supervisory Board on the content, signature, amendment and termination of contracts of service with them.

This does not include remuneration issues or the execution of the contracts of service. The committee is responsible for granting loans to the persons referred to in sections 89(1) and 115 of the German Stock Corporation Act (AktG) and to persons assigned a similar status in accordance with section 89(3) of the AktG, and for approving contracts with Supervisory Board members in accordance with section 114 of the AktG. It exercises the powers set out in section 112 of the AktG on behalf of the Supervisory Board and ensures long-term succession planning together with the Board of Management. Succession planning is systematic and considers potential candidates for leadership and Board of Management positions in the Group. It is performed with a view to the diversity targets and is regularly reported on, and discussed during, committee meetings.

GRI 2-10 The role of the Nomination Committee is to advise the Supervisory Board on suitable candidates for election to the Supervisory Board to be proposed by the latter to the General Meeting. In this context, the Nomination Committee has drawn up a catalogue of requirements for Supervisory Board members to ensure among other things that the Supervisory Board has the necessary expertise to cover all of the Group's business areas. Age limits and length of service also play a role in nominations.

Section 31(3) of the German Co-determination Act (MitbestG) requires the Standing Committee to submit a proposal on the appointment of a Board of Management member if the requisite two-thirds majority is not reached in the first round of voting.

The Supervisory Board should have what shareholder representatives consider to be an appropriate number of independent members among its shareholder representatives. The Company, its Board of Management and the controlling shareholder all consider an appropriate number to be at least two independent members. At present, five shareholder representatives on the Supervisory Board can be considered to be independent, while two other members largely fulfil the criteria set out in the German Corporate Governance Code (the "Code") but have both been members for longer than 12 years.

GRI 2-13 | 2-16 The governance structure has been designed as a cascade that stretches from the Board of Management to the senior management teams. The members of Talanx's Board of Management are jointly responsible for conducting the Company's business. The governance structure that has been implemented ensures that the Board of Management has all relevant information from the specialist departments, especially on the risks and opportunities for the Company and the environmental and social aspects of its activities. The Talanx Group has also implemented a whistle-blower system that offers employees and external sources alike a way of reporting risks and damaging conduct anonymously. The Board of Management is informed without undue delay in the case of significant indications of potentially critical issues with substantial negative impacts on the Company or on stakeholders.

The Board of Management reports regularly, promptly and comprehensively to the Supervisory Board on business developments, the Company's financial position and results of operations, planning and goal achievement, and on current opportunities and risks.

GRI 2-25 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, diverse and integrative environment. 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 Works Council looks after employees' interests. It is involved in particular in Company decisions affecting employees' rights or impacting employees' livelihood, or their way of working or living, and serve as a point of contact for them. The Board of Management works together constructively with the Works Council members.

The activities of the Works Councils are organised in line with the organisational units for which they are responsible. The local works councils operate at the establishment level, the Company Works Council at Company level and the Group Works Council at Group level. Each of the three levels also represents the interests of vocational trainees and employees with severe disabilities. In addition, employees participate directly in strategic decisions via the employee representatives on the Supervisory Board.

The Board of Management remuneration system was reviewed, comprehensively revised, and then approved by the 2021 General Meeting in line with 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 the individual Board of Management members.

GRI 2-19 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 at the General Meeting

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WOMEN

are currently members of the Supervisory Board; as a result, the quota for women on the Supervisory Board is in excess of 30%.

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 here 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. The new remuneration system has applied to all Board of Management members since 1 January 2021 and to all senior executives since 1 January 2022 ([Remuneration Report](#)). 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 overall 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.

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 consist of two components – a short-term incentive (STI) and a long-term incentive (LTI) with a performance period of four years – and primarily reflect the degree to which Group, divisional and individual targets and sustainability goals have been achieved. The remuneration structure is aligned with the Talanx Group’s sustainable long-term development.

GR1 405-1 Talanx AG also follows the principle of diversity in the composition of its Board of Management and Supervisory Board. Apart from candidates’ specialist skills and personal attributes (expertise), key factors include their age, gender, education and professional experience. The broad-based skills, knowledge and relevant experience offered by the members of its Board of Management and Supervisory Board permit a nuanced assessment to be made of the opportunities and risks facing the Company in its business operations, and allow balanced and professional actions and decisions to be taken on that basis. A minimum 30% target quota for women on Talanx AG’s Supervisory Board has been defined, in line with the statutory requirements. Talanx AG’s Supervisory Board 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.

Caroline Schlienkamp was appointed to Talanx’s Board of Management as at 1 May 2022, meaning that the target of appointing at least one woman by June 2022 was met. This also complies with the gender-specific minimum quota for the Board of Management set out in section 76(3a) of the AktG.

GR1 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 section of the [Group Annual Report](#). Information on the Talanx Group’s pensions and other post-employment benefits is to be found in the Provisions for pensions and other post-employment benefits section of the [Group Annual Report](#). The [Remuneration Report](#) and the auditor’s report on the audit of the Remuneration Report can be found on Talanx AG’s website.

BREAKDOWN OF TALANX AG’S MANAGEMENT BODIES BY GENDER AND AGE¹

	Number	By gender		By age		
		Male %	Female %	Under 30 %	30–50 %	Over 50 %
2022						
Board of Management	7	85.7	14.3	—	28.6	71.4
Supervisory Board	16	68.8	31.3	—	—	100.0
2021						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	68.8	31.3	—	—	100.0
2020						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	68.8	31.3	—	16.7	83.3

¹ Rounding differences may occur.

ESG governance

The Talanx Group continued to expand and strengthen its dedicated sustainability governance in 2022 with the goal of making even more effective progress in all target dimensions of its sustainability strategy ([Business model and strategy](#)).

GRI 2-12 | 2-17 Firstly, the importance of sustainability within the Group was underscored by appointing two Supervisory Board members as the experts for sustainability issues on this body. Secondly, the Talanx Group's strategy provided additional support for the Sustainability function in the form of the ongoing establishment and expansion of individual sustainability departments in the divisions.

Group Strategy & Sustainability serves as the cornerstone for the Group's existing sustainability activities, continuing the previous sustainability management approach. It is responsible for coordinating and enhancing activities at Group level, and for launching new ones as well as reporting to the Supervisory Board on a regular basis.

GRI 2-26 In addition, this Group function uses the overarching, enterprise-wide "Expert Sustainability Network" to provide support for the Group's operating units in incorporating the Group's strategic sustainability approach and guidelines throughout their business processes. Goals here include not only ensuring an end-to-end, long-term sustainability strategy but also enhancing the Company's comprehensive governance and hence further facilitating internal networking and best practice sharing on the 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 activities by the Company. Above and beyond the Expert Network, information is regularly shared within the Group in a number of working groups on specific ESG topics.

GRI 2-13 | TCFD At divisional level, the relevant sustainability function in the strategy departments is responsible for the overarching coordination of sustainability topics, and for implementing and reporting on them within their individual divisions. The sustainability functions in the individual divisions are assigned at an organisational level, and report regularly, to the member of Talanx's Board of Management responsible for the division concerned, as is the case with the Group sustainability function at Group level. This organisational positioning further underscores sustainability's significance and strategic importance for the Talanx Group.

GRI 2-14 In addition, two core decision-making bodies relating to sustainability have been established in the form of the Responsible Investment Committee (RIC) and the Responsible Underwriting Committee (RUC), which are each headed by Group Board of Management members. These committees regularly monitor and drive forward the integration of sustainability aspects with all core underwriting and asset management processes, as set out in the strategy. Sustainability ownership rests with the full Board of Management of

Talanx AG. Consequently, the Board of Management regularly examines the current implementation status of the sustainability strategy, the strategic action areas and sustainability reporting. As part of this, they discuss both ESG-related opportunities and risks and the environmental and social impacts of the Talanx Group's business activities.

GRI 2-23 Above and beyond this, 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 through the Board of Management's [Sustainability Commitment](#).

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

In addition, the Talanx Group has joined the UN Global Compact (UNGC) – the world's largest initiative for good corporate governance. The Talanx Group is steadily driving forward implementation of the Global Compact's Ten Principles and of 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) ([Sustainable Development Goals](#)).

Since financial year 2021, the Talanx Group has also incorporated sustainability aspects into the remuneration system for the Board of Management and has linked part of the Board of Management's variable remuneration to achieving concrete sustainability goals ([Remuneration Report](#)).

The Talanx Group's ESG reporting complies with the Global Reporting Initiative (GRI) requirements, which have become established as one of the main ESG reporting standards worldwide, so as to ensure a high level of transparency and data quality in this area for the Group. This alignment with an established global standard also permits transparency on sustainability performance within and across individual sectors.

Additionally, the Talanx Group has aligned itself more closely with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). 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.

At present, the Talanx Group is preparing in depth for the expansion of non-financial reporting that will come when the Corporate Sustainability Reporting Directive (CSRD) enters into force.

GR1 2-5 Last but not least, the fact that the Talanx Group's non-financial reporting voluntarily undergoes a limited assurance review by an independent auditor underscores the importance that the Group places on it and on creating transparency about sustainability ([Talanx Group Annual Report](#)).

Digital transformation, data protection and cybersecurity

Digital transformation

Digital transformation and the resulting potential for both innovation and disruption are changing customers' and business partners' expectations of what we do and the services we provide, and hence are a constant driver for change in the insurance sector.

The high degree of digitalisation achieved by 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 during the COVID-19 pandemic in particular. The Talanx Group is continuing to expand on this strength. Its decentralised Group structure ensures that the digital transformation measures taken meet the specific needs of customers and partners in the markets concerned.

The Group holding company specifically promotes digital innovation through its use of best practice labs; activities here include international cooperation in the Group Digital Lab, scaling up innovative best practices using "agile desks", and the scouting and market intelligence partnerships entered into with start-ups and established technology companies alike. In addition, regular events are organised to present innovative approaches originating in the insurtech scene to the Talanx Group's operating units and to initiate pilot installations. Transparency about Talanx's digital assets allows rapid information sharing and the replication of best practices.

Given the dynamic pace of 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.

Data protection and cybersecurity

GR1 3-3 In a world that is more and more globally networked, information and data are exposed to a large number of risks, threats and other unpredictable challenges.

Information security and cybersecurity also always imply ensuring data protection at a technical level, and represent a material component of the appropriate technical and organisational measures required under the General Data Protection Regulation (GDPR).

Data protection, information security and cybersecurity form part of the Group-wide internal control system (ICS) in the second line of defence under the "three lines" model used by the supervisory authorities. The associated tasks and responsibilities comprise risk identifi-

cation, assessment, management, monitoring and reporting at the overarching enterprise level.

The Group's Information Security Office and Data Protection units are independent of one another but work closely together. They are united by 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 information security as adding value, since new technologies, processes and processing methods will only prove successful if they comply with data protection and security requirements right from the start. The Talanx Group ensures data protection, information security and cybersecurity using a catalogue of different measures.

Preventive measures are designed to reduce the risk of data protection and security breaches up front. In the data protection and information security area, a mandatory annual web-based training course is held and additional regular training and awareness measures focused on employees, managers and senior management 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. New applications and software are put through risk-based reviews and assessments before being launched, using an up-front clarification process.

The Group uses individual recognition strategies and well thought-out response and contingency plans to protect its 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 the systems are restored rapidly and in full.

Cybersecurity and information security

Information and data are important assets for an insurance company's operations and need protecting. Insurers have a particular responsibility when it comes to protecting information used to provide services to policyholders, and hence for the IT systems in which this information is managed.

Talanx therefore defines cybersecurity and information security as a critical competitive factor. In view of this – and of the process of digital transformation up to and including automated business processes and state-of-the-art customer communication – the Talanx Group is investing significantly in cybersecurity and information security. The objective is to protect technologies, assets and critical services and to prevent damage or financial losses from unauthorised access to the Group's systems and data. In addition, the Talanx Group is investing systematically in cyber start-ups, among other things, and is supporting regional research projects on new technologies.

The Group's corporate goals, legal framework, profitability criteria, information assets, cultural aspects, technical possibilities and threat scenarios must be viewed holistically as part of its ongoing cybersecurity and information security activities. 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 customers can rely on the Group to treat their data with care.

Systematic processes based on established standards and best practices 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 core HDI ISMS is certified in accordance with ISO 27001. The security measures implemented and the information security management processes are examined annually during reviews and internal audits. Monitoring audits are performed annually, and an external recertification audit is conducted every three years, as part of the ISO 27001 certification renewal process. In addition, the Information Security Office continuously monitors the maturity of the ISMS. Hannover Re has implemented its own information security processes as part of its governance structures, and has appointed a Chief Information Security Officer (CISO).

The Board of Management and the boards of management of the risk takers involved receive a quarterly security report and are informed ad hoc in critical cases. The CISO reports directly to the Group's Chief Financial Officer.

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

Data protection

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.

The Group's data protection strategy is based on compliance with the data protection legislation. Consequently, business processes are aligned with the statutory data protection requirements. This means that personal data may only be captured, processed and stored if there is a legal basis for this, which in particular may be a specifically defined purpose designed to permit the lawful performance of tasks,

or consent. The Talanx Group also complies with the requirements of Article 9 of the GDPR, which relates to particularly sensitive data.

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 Group Data Protection Guidelines regulate how all domestic Group companies (not including the Hannover Re Group) handle data and information, creating a binding, uniform framework. The Guidelines are binding on all employees, managers and senior management team members. They regulate 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.

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 as well.

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 (Article 5 of the GDPR). Key focuses here include not only transparency and purpose limitation, but also the principle of data minimisation. 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. The Group Data Protection Guidelines also address claims for damages and actions for cease-and-desist orders in cases of data protection breaches.

The Data Protection function provides support for senior management, specialist functions and projects on all data protection issues. In addition, all employees can contact Data Protection directly and confidentially with information, suggestions and complaints. The department is also the contact point for customers and business partners and can be contacted at any time via the contact details available on the Internet. Another task performed by Data Protection is 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 arranges for the implementation of, the requirements. The tasks to be performed by the Data Protection Officer have been consolidated within the central Data Protection function for all German companies, and the Group companies have been linked to the function.

Annual reports provide information on 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.

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. These methods set out data subjects' statutory rights to have data deleted in more detail and provide ways for them to be exercised.

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 protection and lists of the relevant service providers are given on the risk carriers' websites.

The information about data protection 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 service providers 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 Group complies with the statutory framework for transferring data to third parties in such cases and ensures in particular that the legal foundations for this are in place (where necessary in the form of consent).

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 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).

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. Work on expanding the network of data protection experts within the Talanx Group's European operations is continuing. The existing structured surveys of the extent to which Group speci-

cations have been implemented at foreign locations, and of relevant events and the need for advice about Group specifications, are being adapted continuously at both a content and a process level.

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.

Due to its international focus, the Industrial Lines 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.

Data protection management activities in the Retail International division are implemented at local level. Appropriateness and effectiveness testing is performed using the established management instruments.

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, the Hannover Re Group 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 for Data Protection to assess data protection incidents, ensuring a uniform basis for evaluation. All data protection incidents, whether reportable or not, are assessed using it. Information about the trigger for the incident and the measures taken is 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.

GR1 418-1 In 2022, 11 breaches by Talanx Group companies of personal data protection requirements relating to customer data were reported to German supervisory authorities. German authorities found that data protection requirements had been breached by Talanx Group companies in seven of these cases.

Compliance

GRI 2-24 For the Talanx Group, complying with the law is a vital prerequisite for its long-term global business success. Compliance plays a key role for the Talanx Group and everyone in it, from the divisions through the departments down to individual employees.

Group 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 member of Talanx AG's Board of Management responsible for Compliance.

The department focuses to a greater extent on overarching topics such as developing and establishing Group-wide compliance, monitoring and reporting processes. It manages and monitors the international Compliance organisation. 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 department's goal is to adhere to the law, regulatory requirements and internal rules, and to actively practice these as part of the Group's corporate culture. It 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.

The Group's compliance management system (CMS) is an important component. 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 408-1 | 409-1 "Together for Integrity", our Group-wide Code of Conduct, is an effective tool for making our commitment to complying with existing laws and our voluntary undertakings transparent. The Code serves to explain fundamental legal and ethical requirements to employees and to provide further details of their duties in this area. Among other things, it includes a clear commitment to respecting 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 contain comprehensive minimum content requirements for the principles set out in the guidelines. These principles are binding for Group companies in Germany and abroad (not including the Hannover Re Group). 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 annual compliance risk analysis (CRA) performed by Group Compliance 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, such as training and monitoring measures, help Group Compliance to optimally manage relevant processes for mitigating compliance risks.

GRI 2-26 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 system can be accessed from around the world in a total of nine languages via Talanx's website. Additionally, employees can report suspected breaches of the law or guidelines to their line manager or directly to the compliance officer for the company in question.

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 familiarised with the compliance framework during induction events. In addition, seminars and web-based training (WBT) courses are used to provide regular training 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. Group Compliance and local compliance managers communicate and discuss potential best practice solutions together using the established "ComplianceXchange" format.

Adherence to the compliance requirements is checked by Group Compliance itself 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 2-27 | 206-1 The Talanx Group is not aware of any significant fines or non-monetary sanctions that were levied for non-compliance with laws and regulations in relation to financial year 2022. Likewise, there are no known significant cases of anti-competitive behaviour, or of

antitrust or monopoly practices. The Group is also 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 2022. The same also applies to the foreign companies in the Retail International Division covered by this report.

Anti-corruption and anti-bribery

Preventing corruption is a material core topic for the Compliance department, and hence also an essential component of compliance management within the Group.

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. The Group-wide Compliance Guidelines are also supplemented by specific compliance guidelines and work instructions in the individual divisions that apply to the employees of the companies concerned. 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 contained in work instructions on the topic. Group Compliance offers specialist anti-corruption training in those areas that have a higher risk profile, with the content being 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.

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 covers 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. In addition to the training programme, which also covers preventing corruption, all staff are provided with infor-

mation materials on the topic that are made available on Talanx's intranet.

GRI 205-3 The Talanx Group did not become aware of any confirmed material cases of corruption in the 2022 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 legislation meet defined minimum standards. To do this, the Anti-Money Laundering function (AML), which is part of Group Compliance, introduced a Group-wide money-laundering risk analysis in December 2020, the results of which are consolidated at the level of HDI V.a.G. This has been supplemented since 2021 by quarterly reporting. Group AML launched an initial virtual dialogue between its money laundering officers and AML managers in December 2022, based on the established ComplianceXchange concept.

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. Monitoring of the AML measures taken by the companies covered by the legislation is centralised at Talanx AG.

As a core compliance topic, the measures taken in relation to anti-money laundering and the prevention of terrorist financing are also part of the compliance plan. 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 anti-money laundering issues; this applies not only to all staff but also to law enforcement agencies and the supervisory authority.

Tax compliance and transparency

GRI 207-1 The Talanx Group's CFO is responsible for the Group's tax policy, which is set out in writing in its Group Tax and Tax Compliance Guidelines 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 obtains the assistance of external tax experts when it comes to 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 is paid where the value is created. There were no Group companies resident in countries that have been classified by the EU as non-cooperative tax jurisdictions ("blacklisted countries") in the reporting period. 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 Finance and Audit Committee on the Group's tax situation, the tax risk assessment and current developments in the tax area. 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 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 an appropriate contribution as a responsible taxpayer.

GRI 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 responsibly and legally compliant tax planning. The tax whistle-blowing system enables all Group employees throughout the world to draw attention anonymously to breaches of tax regulations.

The tax function is part of the general Group risk management system. Group Taxes uses risk control matrices to capture and analyse tax risks – and 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.

GRI 207-3 The Talanx Group actively 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.

GRI 207-4 The following table provides an overview of the income taxes paid and the income tax expense in 2021 for key countries in the Talanx Group:

INCOME TAXES PAID AND INCOME TAX EXPENSE (2021)¹

Fiscal jurisdiction	Income taxes paid (EUR thousand) (Tax payment +, tax refund –)	Income tax expense (EUR thousand) (Tax expense +, tax income –)	Number of employees	Property, plant and equipment (EUR thousand)
Argentina	—	341	147	1,236
Australia	10,567	25,344	270	88,880
Austria	4,992	4,858	331	7,842
Bahrain	3,883	—	48	107
Belgium	3,558	3,273	92	10,160
Bermuda	6,859	258	51	3,680
Brazil	4,252	2,400	1,442	11,153
Canada	15,707	16,916	96	2,761
Cayman Islands	4,070	4,070	—	287,671
Chile	7,437	5,629	635	27,263
China	–24	—	100	6,789
Colombia	—	29	323	5,892
Czech Republic	719	1,364	16	140,513
Denmark	415	2,602	42	78
France	19,329	32,009	219	123,395
Germany	98,736	232,470	10,757	3,927,807
Great Britain	5,403	5,894	624	28,435
Greece	3,608	4	26	1,162
Hong Kong	–428	—	62	2,391
Hungary	310	990	286	1,247
India	872	10,251	25	672
Ireland	7,464	4,134	76	13,534
Israel	—	31	10	—
Italy	7,305	34,809	755	213,554
Ivory Coast	—	—	1	—
Japan	59	80	40	141,690
Luxembourg	183	70	3	1,169
Malaysia	2,914	778	121	4,148
Mexico	–10,108	6,068	1,605	45,911
Netherlands	574	7,327	255	9,565
New Zealand	673	990	—	—
Norway	106	338	2	—
Poland	33,175	36,159	2,983	196,604
Romania	—	124	—	53,500
Russia	2,444	1,673	107	21
Singapore	512	501	42	195,838
Slovakia	99	113	10	40,165
South Africa	8,798	10,415	496	3,675
South Korea	634	356	8	320
Spain	2,301	2,927	85	43,445
Sweden	3,530	2,072	333	4,334
Switzerland	18	42	88	1,497
Turkey	—	6,702	713	6,937
United States	28,534	31,963	504	697,435
Uruguay	—	493	43	547
Total	279,479	496,867	23,872	6,353,021

¹ 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 outflows or inflows (such as the recognition of provisions for taxes). In addition, tax payments made in specific financial 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 208 million in payroll taxes (including the solidarity surcharge and church tax) for their employees for 2021. In the same period, these companies remitted German insurance taxes (including fire brigade charges) in the amount of approximately EUR 572 million and foreign insurance taxes (including fire brigade charges) in the amount of approximately EUR 88 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 47 million. Property purchase tax of approximately EUR 51 million was incurred in Germany in 2021 as a result of property acquisitions.

Supplier management

In addition to its internal codes of conduct for employees, e.g. on observing human rights ([Human rights and supply chain](#)), the Group requires its external business partners to demonstrate a similar level of compliance. The Group takes care when selecting suppliers to ensure that these 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 environmental standards and human rights are respected consistently. For this reason, the Group's sustainability strategy aims to organise its day-to-day operations and procurement activities in a sustainable manner. Among other things, this includes the Talanx Group sourcing environmentally friendly products, taking environmental criteria into account throughout the supply chain, and ensuring that employee rights and human rights are observed. Within the Talanx Group in Germany, sustainable procurement is mainly an issue for the Group Procurement and IT Purchasing functions.

The Talanx Group uses a uniform Group Code of Conduct for Business Partners to operationalise its commitment and to exert a positive influence over and above the legal requirements. The document is used by both Group Procurement and IT Purchasing in their day-to-day operations, such as when entering into contracts with suppliers. It 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. It was updated in the 2022 reporting period to reflect the requirements of the German Supply Chain Due Diligence Act (LkSG).

Group Procurement 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 German Group companies. Responsibility for procuring IT products and services has been assigned to IT Purchasing, Provider and Licence Management.

The Purchasing function (Group Procurement and IT Purchasing) 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 in Germany primarily uses domestic suppliers when procuring products and operating materials. These are subject to the same strict statutory requirements as the Group itself. It is therefore unlikely that the Group’s supply chain has significant negative impacts on the environment. Nevertheless, care is taken 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% (2021: 50%; 2020: 45%) of suppliers of operating equipment and foodstuffs fall within this category, as do roughly 33% (2021: 24%; 2020: 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 also applies to procurement processes at foreign Group companies. The Talanx Group’s

foreign companies generally define regional suppliers as companies domiciled in the country concerned. Only in the area of procuring IT services were there some cases of cross-border supply agreements.

The Talanx Group in Germany sets store by environmentally friendliness for 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.

Labour practices and respect for human rights at suppliers

GRI 407-1 | 408-1 | 409-1 | 414-1 | 414-2 The Talanx’s Group Purchasing unit in Germany largely uses domestic suppliers. These are subject to German jurisdiction, and in particular to German employment laws.

The introduction of the German Supply Chain Due Diligence Act (LkSG) with effect from 1 January 2023 is leading to the creation of new processes to create adequate global transparency on supplier risks, to analyse and mitigate the risks identified in a legally compliant manner, and hence to ensure that the requirements of the LkSG are met in full. Among other things, an external IT platform was selected to support the systematic annual risk analysis to be performed pursuant to the LkSG. The application roll-out is planned for 2023. International use of the platform within the Group has also been provided for.

Work on establishing professional IT supplier monitoring started in 2021. The design phase was successfully completed in 2022, and Group Procurement started supplier monitoring in that year.

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 2022	Status in 2021
Corporate governance	Ensure good organisational governance	Introduce new Board of Management remuneration system pursuant to the ARUG II	Group-wide	Introduced	Done for first time
		Include ESG in new Board of Management remuneration system	Group-wide	Introduced	Done for first time
		Take sustainability, etc. into account in fit and proper declarations for Supervisory Board members	Group-wide	Introduced	–
ESG governance	Ensure good organisational governance	Integrate the Sustainability unit into the Group Strategy function headed by the Chairman of the Board of Management	Group-wide	Introduced	Done for first time
		Establish Group-wide Sustainability Expert Network	Group-wide	Introduced	Done for first time

GOALS AND MEASURES: GOVERNANCE

Area	Goal	Key measures	Scope	Status in 2022	Status in 2021
Digital transformation, data protection and cybersecurity	Maintain information security management system (ISMS)	Ensure ISO 27001 certification of Talanx's information security management system (ISMS) through annual audits/recertification after three years	Group-wide (excluding Hannover Re and HDI International)	Recertification performed	Ongoing
	Enhance employee awareness	Mandatory employee training to raise awareness of current cyberattack methods	Group-wide	Introduced	–
	Enhance management approaches	Expand and optimise processes for international reporting	Group-wide (excluding Hannover Re)	Ongoing	–
	Process optimisation	Introduce technical workflow-based register of processing pursuant to the GDPR	Group-wide (excluding Hannover Re)	Ongoing	Ongoing
Compliance	Optimise compliance management	Perform annual review of corruption risks as part of compliance risk analysis and regularly monitor the related measures in the compliance planning	Group-wide	Ongoing	Ongoing
Supplier management	Give greater weight to sustainability criteria within IT Procurement	Roll out Group-wide professional supplier monitoring tool that gives greater weight to sustainability criteria	Group-wide	2023	–
	Give greater weight to sustainability criteria within Group Procurement	Establish strategic supplier management in Group Procurement including capture, measurement and monitoring of significant sustainability criteria	Group-wide	2024	–



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Further Information

About this report

GRI 2-3 Since 2015, the Talanx Group has used its annual sustainability report to publish comprehensive information on ESG topics, making its sustainability activities transparent.

The Talanx Group's reporting builds on the GRI Standards for the period from 1 January 2022 to 31 December 2022. Consequently, this report relates to that period. The GRI context index provides an overview of all GRI Standards and indicators contained in this report. An overview of the Sustainable Development Goals (SDGs) and the measures taken by the Talanx Group in each case can be found in the "Sustainable Development Goals (SDGs)" section. The Group's sustainability goals are listed in the "Metrics and targets" sections of the Climate-related and Environmental Matters, Social Matters and Governance chapters. The references and symbols used in this report are explained in the key on the Contents page.

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

In addition, this report contains material sustainability 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 stakeholder survey on which it is based to ensure that the topics included in the sustainability report are those that, in the aggregate, are considered to be material by the stakeholders surveyed.

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 an overarching data capture system. This new software-based method of capturing data and the continuous integration of additional companies and branches in reporting mean that deviations between the current data and the figures for previous years cannot be ruled out. Consequently, 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 compared to the prior-year figures and adjustments to the data captured are identified and explained using footnotes.

GRI 2-5 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 2022 and can be found in the [Consolidated non-financial statement](#) (p. 86ff.) 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 2-2 The Talanx Group is continuously expanding its sustainability reporting. The current report includes the Talanx Group companies and locations listed in the following table:¹

SCOPE OF SUSTAINABILITY REPORTING¹

Affiliates included in reporting	Country	Employees ²	Divisions and companies reporting	Equity interest (shareholding) in %
Talanx Group companies and locations in Germany (excluding the Hannover Re Group)	Germany	8,865	Talanx AG	100.00 in all cases
			Industrial Lines Division	
			Retail Germany Division	
			Retail International Division	
			Corporate Operations: HDI AG Ampega Asset Management GmbH Ampega Investment GmbH	
WARTA Group	Poland	2,872	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	1,669	HDI Seguros S.A. de C.V.	99.76
HDI Seguros S.A.	Brazil	1,380	HDI Seguros S.A.	100.00
HDI Seguros S.A.	Chile	719	HDI Seguros S.A.	99.95
HDI Sigorta A.Ş.	Turkey	695	HDI Sigorta A.Ş.	100.00
HDI Assicurazioni S.p.A.	Italy	612	HDI Assicurazioni S.p.A.	100.00
			HDI Italia S.p.A.	100.00
			InChiaro Life DAC (Ireland)	100.00
HDI Versicherung AG	Austria	330	HDI Versicherung AG	100.00
Magyar Posta	Hungary	280	Magyar Posta Biztosító Zrt.	66.93 in both cases
			Magyar Posta Életbiztosító Zrt.	
HDI Global Seguros S.A.	Brazil	78	HDI Global Seguros S.A.	100.00
HDI Global Insurance Company	United States of America	175	HDI Global Insurance Company (USA)	100.00
HDI Global SE – Branch for the UK ³	United Kingdom	340	HDI Global SE – Branch for the UK	100.00
			HDI Global Specialty SE – Branch for the UK	
HDI Global SE – Branch for the Netherlands ³	Netherlands	344	HDI Global SE – Branch for the Netherlands	100.00
			HDI Global Specialty SE – Branch for the Netherlands	
HDI Global SE – Branch for Belgium ³	Belgium	101	HDI Global SE – Branch for Belgium	100.00
			HDI Global Specialty SE – Branch for the Belgium	
HDI Global SE – Branch for France ³	France	163	HDI Global SE – Branch for France	100.00
HDI Global SE – Branch for Spain	Spain	83	HDI Global SE – Branch for Spain	100.00

¹ The scope of the disclosures made in the “Climate and environmental protection in the enterprise” section is broader. 98% coverage (excluding the Hannover Re Group) was achieved when collecting the emissions data.

² The figures used for employees represent the average headcount.

³ The 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 2022 reporting date this report covered 18,653 members of staff. This corresponds to approximately 79% of the Group’s total workforce (23,669 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.

¹ Not all companies listed in the Group Annual Report fall within the scope of Group sustainability reporting for data availability reasons.

The Talanx Group – key memberships

GRI 2-28 The Talanx Group is a member of a large number of regional, national and international initiatives, associations and interest groups. The Group uses its memberships in recognised sustainability initiatives and frameworks to focus its business processes more clearly on sustainability criteria and to actively participate in discussions about sustainability topics. Talanx Group staff are also members of working groups focusing on a variety of topics and contribute their expertise to relevant discussions, including on ESG issues. The following list shows selected key memberships in Germany and abroad:

Insurance industry groups

- AfW Bundesverband Finanzdienstleistung
- Arbeitsgemeinschaft der Versicherungsvereine auf Gegenseitigkeit e. V. (ARGE VVaG)
- Arbeitsgemeinschaft für betriebliche Altersversorgung e. V. (ABA)
- Bundesverband Investment und Asset Management e. V. (BVI)
- Chief Risk Officer Forum
- Deutscher Verein für Versicherungswissenschaft
- Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV)
- The Geneva Association
- Verein Deutscher Lebensversicherer
- Verkehrsofferhilfe e. V. (VOH)
- Versicherungsforen Leipzig
- Versicherungsombudsmann e. V.

Topic- and function-specific bodies, associations and organisations

- Allgemeine Arbeitgebervereinigung (AGV)
- Allianz für Entwicklung und Klima
- Beyond Gender Agenda
- Bundesverband Deutscher Innovations-, Technologie- und Gründerzentren e. V. (BVIZ)
- Deutsche Aktuarvereinigung e. V. (DAV)
- Deutsche Gesellschaft für Personalführung e. V. (DGFP)
- Deutscher Anwaltverein e. V. (DAV)
- Deutscher Investor Relations Verband e. V. (DIRK)
- Deutscher Verein für Versicherungswissenschaft e. V. (DVfVW)
- Deutsches Institut für Compliance e. V. (DICO)
- Deutsches Rechnungslegungs Standards Committee e. V. (DRSC)
- Entrepreneurs' Roundtable AG
- Hildener Industrie-Verein
- Industrie-Club Hannover e. V.
- Institut der Norddeutschen Wirtschaft e. V. (INW)
- Institut Finanzen und Steuern e. V. (ifst)
- Juristische Studiengesellschaft Hannover
- MindSphere World e. V.
- Principles for Responsible Investment (PRI)
- Principles for Sustainable Insurance (PSI)
- UN Global Compact (UNGC)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Wirtschaftsclub Köln
- World.Minds AG

The Talanx Group's memberships abroad

Belgium

- Association of Insurance Companies (ASSURALIA)
- Association of Medium-sized Insurance Companies (ACAM)
- Belgian Risk Management Association (BELRIM)
- Federation of European Risk Management Associations (FERMA)
- Royale Association Belge des Assureurs Maritimes (ABAM BVT)
- Le Cercle Royal des Assureurs de Belgique (CRAB)

Brazil

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

Chile

- Asociación de Aseguradores de Chile (AACH)

Denmark

- Dansk-Tysk Handelskammer
- Forsikring og Pension (F&P)
- Forsikringselskabernes Markedsføringsforening (FMFF)

France

- Agency for the Fight against Insurance Fraud (ALFA)
- Association pour la Gestion des Informations sur le Risque Automobile (AGIRA)
- L'Association pour l'étude de la Réparation du Dommage Corporel (AREDOC)
- Assurpol
- Autos Motos Manifestations Sportives Réassurance (AMS Ré)
- Institut des Actuaire
- Institut du Risk et de la Compliance
- Jeunes cadres de l'assurance Lyonnaise (JCAL)
- La Mediation de l'Assurance
- Mission Risques Naturels

United Kingdom

- Association of British Insurers (ABI)
- Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC)
- International Underwriting Association (IUA)
- Motor Insurers Bureau (MIB)
- Placing Platform Ltd (PPL)
- Pool Re

Italy

- Associazione Nazionale dei Risk Manager e Responsabili Assicurazioni Aziendali (ANRA)
- Associazione Nazionale fra le Imprese Assicuratrici (ANIA)
- Borsa Italiana Sustainable Finance
- Camera di Commercio Italo-Germanica
- Forum per la Finanza Sostenibile

Canada

- Canadian Construction Association (CCA)
- Canadian German Chamber of Industry and Commerce
- Insurance Bureau of Canada (IBC)
- Property and Casualty Insurance Compensation Corporation (PACICC)
- The Canadian Board of Marine Underwriters (CBMU)

Mexico

- Asociación Mexicana de Instituciones de Seguros (AMIS)
- Centro Mexicano para la Filantropía (CEMEFI)

Netherlands

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

Austria

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

Poland

- International Union of Aerospace Insurers (IUAL)
- International Union of Marine Insurance (IUMI)
- Partner Club of Poznań University of Economics
- Związek Dealerów Samochodów (ZDS)
- Polska Izba Ubezpieczeń (PIU)
- Polish Insurance Guarantee Fund (UFG)
- Polskie Biuro Ubezpieczycieli Komunikacyjnych (PBUK)

Switzerland

- Chambre vaudoise du commerce et de l'industrie (CVCI)
- Deutsch-Schweizerische Handelskammer
- Gesellschaft für Haftpflicht- und Versicherungsrecht
- Insurance Supper Club (ISC)
- Schweizerische Aktuarvereinigung
- Schweizerischer Versicherungsverband
- Verband Zürcher Handelsfirmen
- Zürcher Gesellschaft für Personal-Management

Spain

- Aseguradores de Riesgos Nucleares (ARN)
- Asociación Española de Gerencia de Riesgos y Seguros (AGERS)
- Pool Español de Riesgos Medioambientales (PERM)
- Unión Española de Entidades Aseguradoras y Reaseguradoras (UNESPA)

Turkey

- Insurance Association of Turkey

Hungary

- Magyar Biztosítók Szövetségét (MABISZ)
- Magyar Aktuárius Társaság (MAT)

United States of America

- American Institute of Marine Underwriters (AIMU)
- American Property Casualty Insurance Association (APCIA)
- Builder's Risk & Construction Symposium Inc.
- Chicagoland Associated General Contractors
- Inland Marine Underwriters Association
- Risk & Insurance Management Society Inc.
- Transported Asset Protection Association

Standards and principles

The Talanx Group's sustainability reporting is based on a number of different national and international standards and guidelines. The Talanx Group also takes other guidelines above and beyond the mandatory standards and principles into account, firstly so as to have a binding framework for the sustainability goals it has set itself and secondly so as to ensure transparent, comparable reporting. The most important of these are described below.



German CSR Directive Implementing Act (CSR-RUG)

The Act to Strengthen Non-financial Disclosures by Companies in their Management and Group Management Reports (German CSR Directive Implementing Act, CSR-RUG) is the transposition into German law of the EU's Non-Financial Reporting Directive, which was resolved in 2014. The goal of the Directive is to expand the reporting prepared by large listed companies to include non-financial topics, and hence to enhance transparency about EU companies' environmental and social aspects. 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 represent an investor initiative set up by the United Nations Environmental Program Finance Initiative (UNEP FI), whose goals are a sustainable global financial system, good corporate governance, and integrity and accountability in the financial sector. Signatories undertake to comply with six Principles for responsible investment practice incorporating ESG topics. By signing up to the internationally recognised PRI, the Talanx Group has committed itself to creating transparency in its role as an asset owner and to demonstrating 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 represent another initiative from the United Nations Environmental Program Finance Initiative (UNEP FI) and serve as global guidance for the insurance industry on how to incorporate sustainability criteria in their core business. 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 PSI and has embedded them in its global insurance business.

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 UN Global Compact (UNGC) is a global agreement between the United Nations and companies, under which the latter undertake to ensure sustainable and responsible corporate governance. It is based on ten universal Principles governing human rights, labour standards, the environment and anti-corruption. The Talanx Group is a signatory to the UNGC.

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 Sustainable Development Goals (SDGs). These are part of a global plan to promote sustainable peace and prosperity, and to protect the planet. The 17 goals cover social, economic and environmentally sustainable development, and the aim is for all countries in the Global North and the Global South to achieve them by 2030. 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 Task Force on Climate-related Financial Disclosures (TCFD), which was launched in December 2015, is an initiative of the Financial Stability Board (FSB). The latter international body was established with the assistance of the G20 members with the brief of promoting the stability of the global financial system. The purpose of the TCFD is to develop recommendations and guidance for uniform, comparable reporting on material climate-related financial opportunities and risks. In turn, these should make it possible to take sound investment, lending and insurance decisions. The Talanx Group’s goal in integrating the TCFD recommendations into this report is to achieve transparent climate reporting.



Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI), which provides guidance for preparing sustainability reports, has published internationally established, comprehensive sustainability reporting standards. The GRI revised its Universal Standards in 2021 in line with stakeholders’ growing demand for transparency. The changes mainly reflect the integration of human rights, the determination of materiality, and the inclusion of growing regulatory requirements. The Talanx Group bases its annual sustainability report on these updated standards so as to inform its stakeholders as transparently as possible.

Sustainable Development Goals (SDGs)

As a global insurer, the Talanx Group is also actively contributing to achieving global sustainability goals: the United Nations' Sustainable Development Goals (SDGs) comprise 17 objectives designed to make the world a more sustainable and fairer place in the period up to 2030. The Group has clearly committed itself to all of the SDGs, although its business priorities mean that it focuses on a number of them in particular.

<p>SDG 3: Good health and well-being</p>		<p>The Talanx Group's comprehensive health management activities promote its employees' health and well-being. Measures include everything from exercise offerings and balanced meals down to mental health advice and addiction prevention. However, as a global insurer, the Talanx Group also provides people with financial protection against a large number of life risks. Its insurance protection also supports economic activity in the healthcare sector and in drug research and development. What is more, the Talanx Group acts as an investor in the healthcare sector, e.g. by financing hospitals.</p>
<p>SDG 4: 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 focuses on developing their interpersonal skills. Apart from developing its own employees, the Talanx Group uses its foundations to grant scholarships to selected external university students throughout Germany and is involved in (co-)financing an university campus in Ireland. In addition, the Group takes part in social and local projects aimed at providing education to people in low-income regions.</p>
<p>SDG 5: Gender equality</p>		<p>Gender equality is highly important to the Talanx Group. A dedicated DE&I Management position and a separate diversity, equity and inclusion strategy are used to systematically embed this issue within the Group. A large number of measures were taken in the reporting period to provide information on, and raise awareness of, the issue of diversity. The Talanx Group has also explicitly set itself the goal of increasing the proportion of women in management positions. In addition to our expanded range of training offerings, mentoring programmes and our Women@Talanx network, we systematically ensure that women are included in succession planning.</p>
<p>SDG 7: Affordable and clean energy</p>		<p>The Talanx Group aims to actively support the transition to a sustainable society and as such to help achieve affordable, reliable, sustainable and modern energy supplies. It is doing this by investing specifically in renewable energy sources such as wind farms and solar thermal plants, and in expanding the related power grids. All in all, the Group has made roughly EUR 1.5 billion available for investment in this area. In addition to furnishing the funds required, the Group provides the necessary insurance cover for the plants and grids. This applies both to established technologies and to innovative sustainable offerings such as geothermal power plants and hydrogen technology.</p>
<p>SDG 8: 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>SDG 9: Industry, innovation and infrastructure</p>		<p>The Talanx Group's underwriting and investment activities both contribute to a forward-looking, resilient infrastructure and a sustainable, innovative industrial sector. The Group invests as a matter of policy in public sector and social infrastructure such as power grids, hospitals and public transport. Apart from providing financing, the Group also protects such infrastructure by offering insurance solutions.</p>
<p>SDG 11: Sustainable cities and communities</p>		<p>In addition to classic infrastructure projects, the Talanx Group invests in transport systems such as public transport and offers insurance cover for their construction. Its product portfolio also includes insurance cover for customers hit by natural disasters such as storms or floods, and preventive advice on how to minimise the impact of these events. In this way, the Talanx Group can support the overarching goal of making cities and communities sustainable and more resilient.</p>
<p>SDG 12: Ensure sustainable consumption and production patterns</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 systematically cutting back on plastic waste. The Group's commitment is underscored by its membership of selected relevant initiatives.</p>
<p>SDG 13: Climate action</p>		<p>The Talanx Group has committed itself to achieving net zero emissions by 2030 at the latest in its own operations, and by 2050 in its underwriting and investment activities, in line with the goals of the Paris Agreement on climate change. By doing so, it is playing its part in protecting the climate. In addition, its underwriting and investment functions are continuing to deliberately exit certain particularly harmful industries that are not aligned with the Paris Agreement, such as thermal coal infrastructure. At the same time, the Talanx Group sees itself as actively promoting the transition to innovative technologies that are replacing particularly harmful technologies and that offer new approaches to climate protection.</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 enhanced. It was specifically expanded in 2022 to include a more detailed social focus. What is more, as a result of the decisions taken by the RUC at the beginning of 2023, the Group has resolved to make additional exclusions with respect to fossil fuels, significantly tightening its positioning in the underwriting area. Detailed information on decision-making in underwriting can be found in the [Climate-related and environmental matters in underwriting](#) section.

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

Further details on how social matters are included can mainly be found in the [Social matters in asset management and underwriting](#) section.

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 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 has taken concrete steps to reduce ESG risks in its supply chain as part of the process of implementing the German Supply Chain Due Diligence Act, which came into force at the beginning of 2023. Additional information can be found in the [Human rights and supply chain](#) and [Supplier management](#) sections.

Another way in which the Talanx Group demonstrates its responsibility as an investor is by regularly conducting direct dialogues ("active engagement") with its customers on ESG topics. The Group is also in constant contact with its customers in its underwriting activities, partnering with them and engaging in a critical dialogue so as to assist in their sustainable transition. Detailed information on the customer engagement processes is provided in the [Climate-related and environmental matters in asset management](#) and [Climate-related and environmental matters in underwriting](#) sections.

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](#)).

What is more, the Talanx Group uses its regularly updated materiality analysis plus the accompanying stakeholder survey 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 three-year cycle and was therefore 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.

The Talanx Group has observed the four Principles for Sustainable Insurance since 2020 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

The GRI content index only contains Standards disclosures that specifically relate to material or additional topics at the Talanx Group. The Talanx Group has reported in line with the GRI Standards for the period from 1 January 2022 to 31 December 2022.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page(s)	Comments and omissions	UNGC Principle(s)
1	Foundation 2021			
2	General Disclosures 2021			
2-1	Organizational details	6, 8, 52		
2-2	Entities included in the organization's sustainability reporting	67		
2-3	Reporting period, frequency and contact point	66, 79		
2-4	Restatements of information		All information was checked and no significant deviations were determined.	
2-5	External assurance	56, 66		
2-6	Activities, value chain and other business relationships	6, 8		
2-7	Employees	37		6
2-8	Workers who are not employees		Information not available to date. The KPI data are to be captured and reported as part of CSRD reporting.	
2-9	Governance structure and composition	52		
2-10	Nomination and selection of the highest governance body	53		
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2-12	Role of the highest governance body in overseeing the management of impacts	52, 55		
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2-14	Role of the highest governance body in sustainability reporting	55		
2-15	Conflicts of interest	52		
2-16	Communication of critical concerns	53		
2-17	Collective knowledge of the highest governance body	55		
2-18	Evaluation of the performance of the highest governance body		Information not available to date.	
2-19	Remuneration policies	41, 53		
2-20	Process to determine remuneration	41		
2-21	Annual total compensation ratio		Information not available to date. The KPI data are to be captured and reported as part of CSRD reporting.	
2-22	Statement on sustainable development strategy	4		
2-23	Policy commitments	13, 48, 55		
2-24	Embedding policy commitments	52, 59		
2-25	Processes to remediate negative impacts	53		
2-26	Mechanisms for seeking advice and raising concerns	55, 59		
2-27	Compliance with laws and regulations	59		
2-28	Membership associations	68		
2-29	Approach to stakeholder engagement	15, 46		
2-30	Collective bargaining agreements	39		3, 6

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GRI Standard	Disclosure	Page(s)	Comments and omissions	UNGC Principle(s)
3	Material Topics 2021			
3-1	Process to determine material topics	15		
3-2	List of material topics	17		
3-3	Management of material topics			
	Support for climate action in asset management	17, 19		7, 8, 9
	Governance in asset management	17, 19		
	Climate change mitigation in underwriting	17, 24		7, 8, 9
	Climate action and environmental protection in Talanx's own operations	17, 27		7, 8, 9
	Employee matters	17, 37		6
	Responsibility to customers	17, 46		
	Data protection and cybersecurity	17, 56		
201	Economic Performance 2016			
201-1	Direct economic value generated and distributed	6		
201-2	Financial implications and other risks and opportunities due to climate change	13		7, 8
201-3	Defined benefit plan obligations and other retirement plans	54		
202	Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	41		6
202-2	Proportion of senior management hired from the local community	43		6
203	Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	21		
203-2	Significant indirect economic impacts	24		
204	Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	63		
205	Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	60		10
205-2	Communication and training about anti-corruption policies and procedures	60		10
205-3	Confirmed incidents of corruption and actions taken	60		10
206	Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59		10
207	Tax 2019			
207-1	Approach to tax	60		
207-2	Tax governance, control, and risk management	61		
207-3	Stakeholder engagement and management of concerns related to tax	61		
207-4	Country-by-country reporting	62		
301	Materials 2016			
301-1	Materials used by weight or volume	30		7, 8
301-2	Recycled input materials used	30		7, 8

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GRI Standard	Disclosure	Page(s)	Comments and omissions	UNGC Principle(s)
302	Energy 2016			
302-1	Energy consumption within the organization	30		7, 8
302-3	Energy intensity	30		8
302-4	Reduction of energy consumption	30		7, 8, 9
303	Water and Effluents 2018			
303-1	Interactions with water as a shared resource	30		7, 8
303-2	Management of water discharge-related impacts	30		7, 8
303-3	Water withdrawal	30		8
303-5	Water consumption	30		7, 8
305	Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	28		7, 8
305-2	Energy indirect (Scope 2) GHG emissions	28		7, 8
305-3	Other indirect (Scope 3) GHG emissions	28		7, 8
305-4	GHG emissions intensity	28		8
305-5	Reduction of GHG emissions	28		8, 9
306	Waste 2020			
306-1	Waste generation and significant waste-related impacts	30	As a service company, the Talanx Group does not have any significant waste-related impacts.	
306-2	Management of significant waste-related impacts	30		8
306-3	Waste generated	30		8
308	Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	63		7, 8
308-2	Negative environmental impacts in the supply chain and actions taken	63		7, 8
401	Employment 2016			
401-1	New employee hires and employee turnover	41		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	41		
401-3	Parental leave	39		
403	Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	40		
403-2	Hazard identification, risk assessment, and incident investigation	40		
403-3	Occupational health services	40		
403-4	Worker participation, consultation, and communication on occupational health and safety	40		
403-5	Worker training on occupational health and safety	40		
403-6	Promotion of worker health	40		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	40		
403-9	Work-related injuries	40		

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GRI Standard	Disclosure	Page(s)	Comments and omissions	UNGC Principle(s)
404	Training and Education 2016			
404-1	Average hours of training per year per employee	44		
404-2	Programs for upgrading employee skills and transition assistance programs	44		
404-3	Percentage of employees receiving regular performance and career development reviews	46	No quantitative statement is possible at present	
405	Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	46, 54		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	41		1, 2, 6
406	Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	46		1, 2, 6
407	Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	49, 63		1, 2, 3
408	Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	49, 59, 63		1, 2, 5
409	Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	49, 59, 63		1, 2, 4
414	Supplier Social Assessment 2016			
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
415	Public Policy 2016			
415-1	Political contributions	60		10
417	Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	47		
417-2	Incidents of non-compliance concerning product and service information and labeling	47		
417-3	Incidents of non-compliance concerning marketing communications	47		
418	Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	58		

TCFD content index

The Task Force on Climate-related Financial Disclosures (TCFD), 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
Governance		
Disclosure of the Group's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	"Risk management" section, p. 13
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	"ESG governance" section, p. 55
Strategy		
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 asset management" section, p. 20, "Climate-related and environmental matters in underwriting" section, p. 27
	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
Risk management		
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. 13
	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
Metrics and targets		
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. 13
	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. 28
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	"Business model and strategy" section, p. 10, "Climate-related and environmental matters in asset management" section, p. 20

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Link to 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 FIRMIEN-VERSICHERUNG DEUTSCHLAND		GESCHÄFTSBEREICH PRIVAT- UND FIRMIEN-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)	LPV Versicherung AG (formerly PB Versicherung AG)		HDI Seguros S.A. (Colombia)	Hannover Africa Limited	
HDI Global Insurance Limited Liability Company (Russia)	TARGO Versicherung AG		HDI Seguros S.A. de C.V. (Mexico)	Hannover Life Re of Australasia Ltd.	
HDI Global SA Ltd. (South Africa)	HDI Lebensversicherung AG		HDI Seguros S.A. (Uruguay)	Hannover Life Reassurance Bermuda Ltd.	
HDI Global Insurance Company (USA)	HDI Pensionskasse AG		TUir WARTA S.A. (Poland)	Hannover Re (Ireland) DAC	
HDI Global Network AG	Lifestyle Protection Lebensversicherung AG		TU na Życie WARTA S.A. (Poland)	Hannover Re South Africa Limited	
HDI Reinsurance (Ireland) SE	neue leben Lebensversicherung AG		TU na Życie Europa S.A. (Poland)	Hannover Life Reassurance Company of America	
	LPV Lebensversicherung AG (formerly PB Lebensversicherung AG)		TU Europa S.A. (Poland)		
	HDI Pensionsfonds AG (formerly PB Pensionsfonds AG)		HDI Assicurazioni S.p.A. (Italy)		
	HDI Pensionsmanagement AG		HDI Italia S.p.A.		
	TARGO Lebensversicherung AG		Magyar Posta Biztosító Zrt. (Hungary)		
			Magyar Posta Életbiztosító Zrt. (Hungary)		
			HDI Sigorta A.Ş. (Türkiye)		

Nur die wesentlichen Beteiligungen
Main participations only

Stand/As at: 31.12.2022

