



**Talanx AG: Investor presentation on
Green Bond Framework**

Hannover, November 2021

Agenda

Talanx ESG strategy	3
Talanx Green Bond Framework	13-19
I Framework overview and use of proceeds	13
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Talanx at a glance – focused divisional strategies, strong growth, group earnings burdened by Covid-19

Almost 120 years of experience and yet a **young, dynamic company**



Headquarters of the Talanx Group is **Hannover**



Talanx is active in **~150 countries** with **~23,300** employees



Gross written premiums (EURbn)

41.1 (+4%)

Operating profit (EURbn)

1.7 (-31%)

Group net income (EURm)

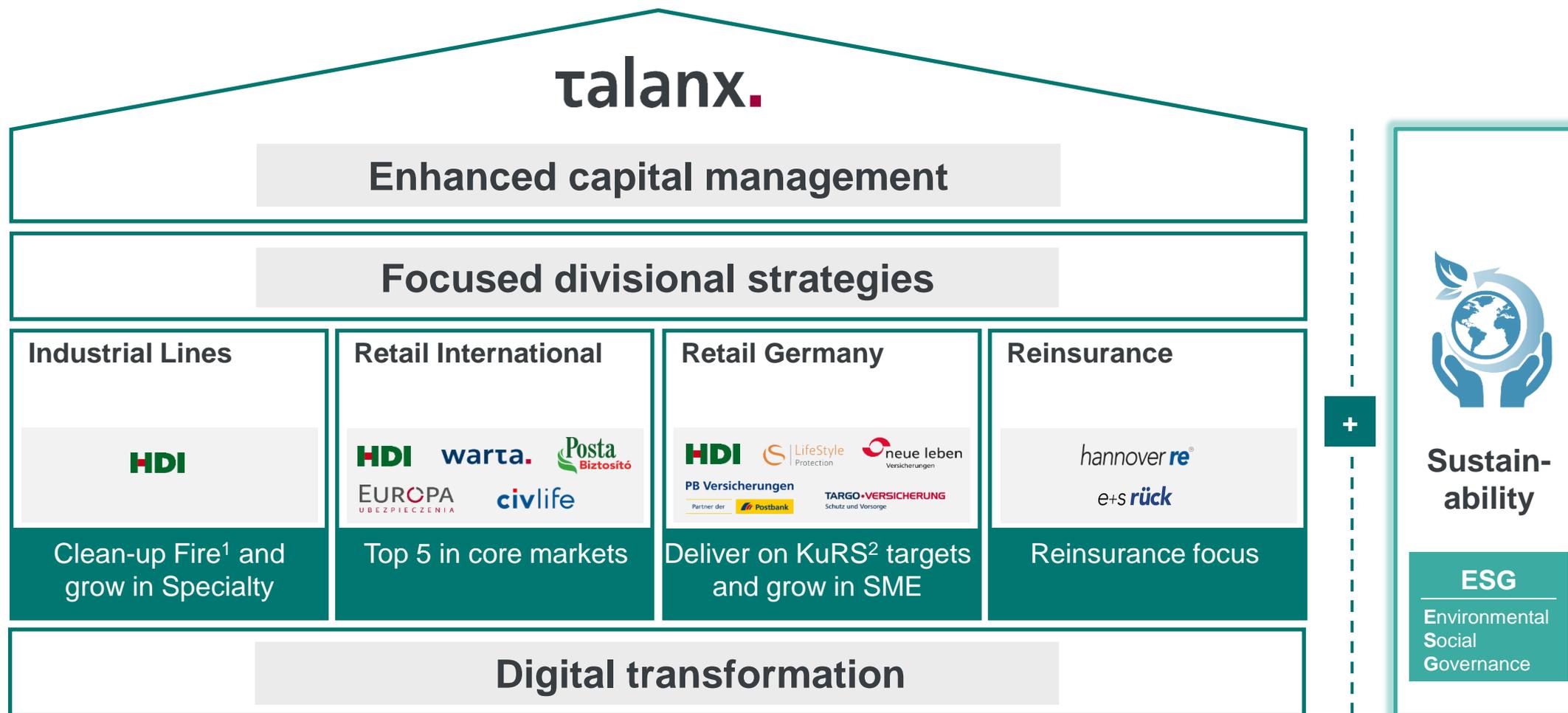
673 (-27%)

Solvency 2 ratio

206% (-5%-pts)

Data as of FY 2020 / 31 December 2020; for further information please see our FY 2020 analyst presentation: https://www.talanx.com/en/investor_relations/reporting/reporting

The Talanx Group successfully operates as a multi-brand provider in highly promising sectors of the insurance and financial services industry – Sustainability is embedded into the Group’s strategy



1) Reduction of combined ratio in fire insurance; 2) KuRS: Kundenorientiert Richtungsweisend Stabil (= Customer-oriented, direction-setting, stable)

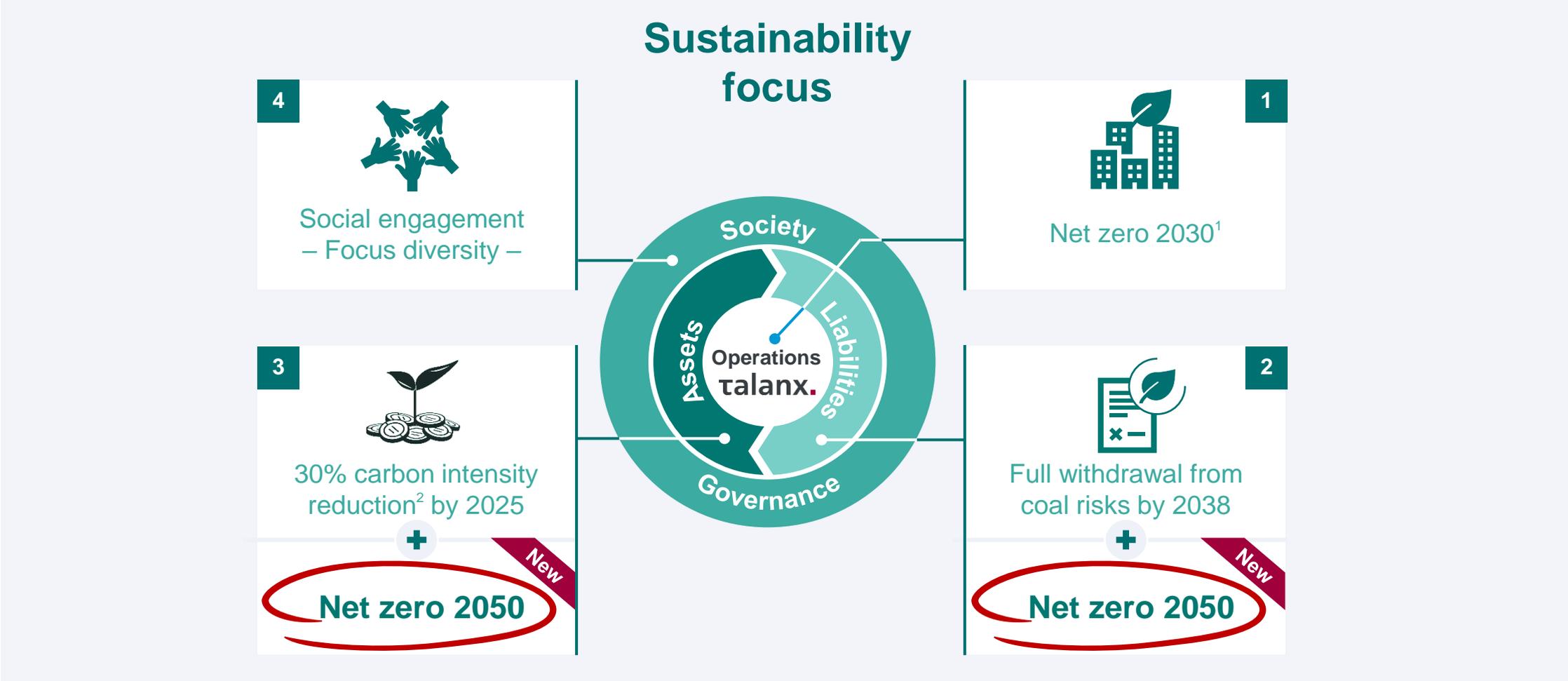
Our Group's strategy is flanked by our sustainability activities

Talanx strategy



1) CO₂ neutral operations in Germany since 2019

Turning sustainability into differentiation

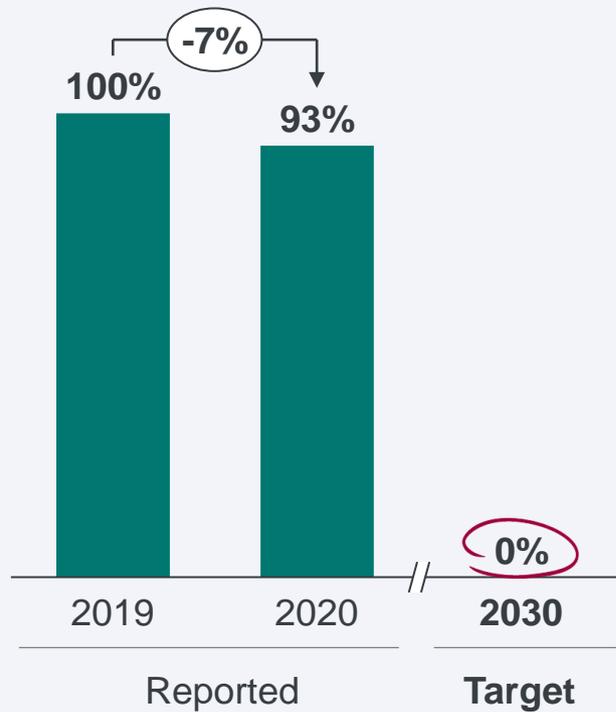


1) CO₂ neutral in Germany since 2019; 2) Reduction of CO₂ intensity of the liquid non-government portfolio by 30% by the end of 2025 compared to the beginning of 2020

1 Operations: We are aiming to achieve net zero emissions by 2030

Pathway to net zero

CO₂ emissions of own operations



Core strategic pillars

Minimize
Offsetting

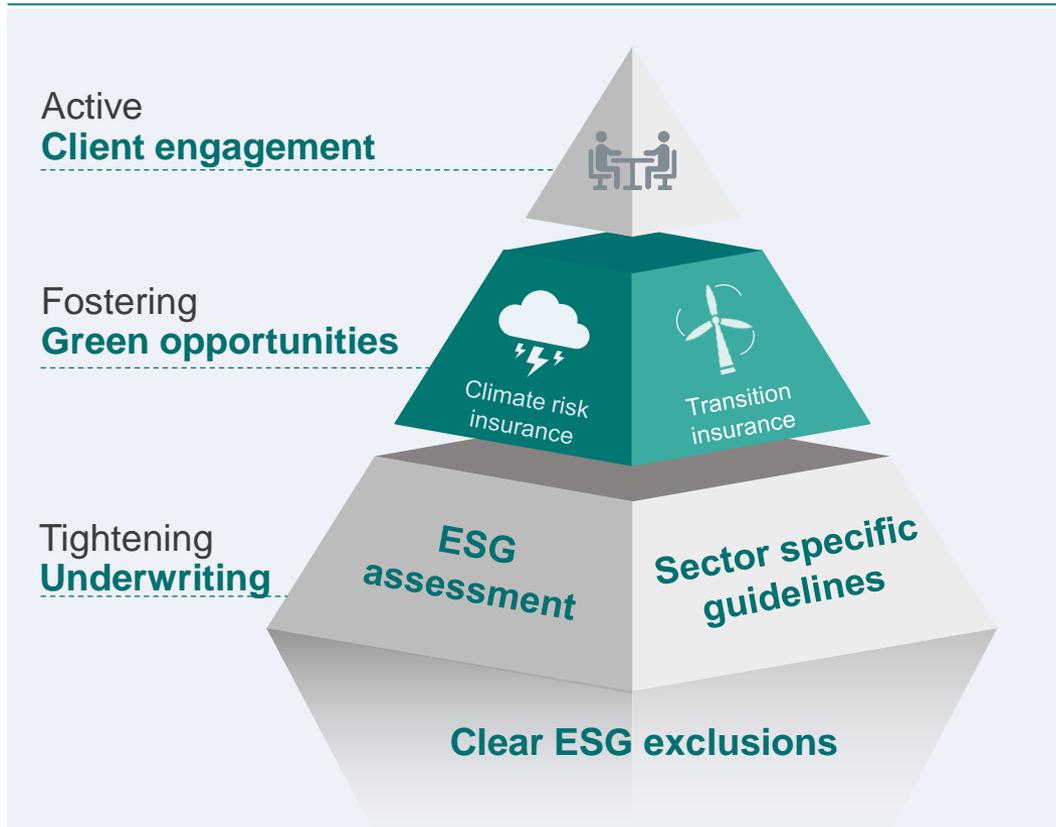
Foster
Removing

Focus
Reducing



2 Liabilities: Strong commitment to support green transformation

Core strategic pillars

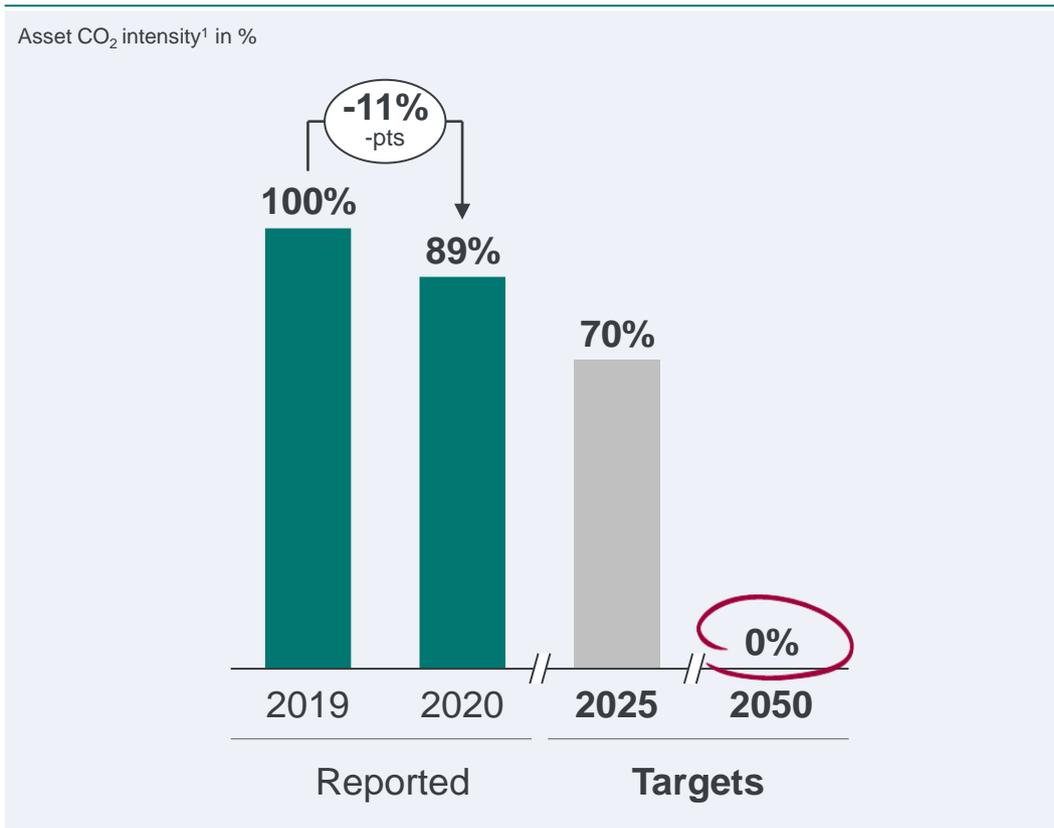


Targets



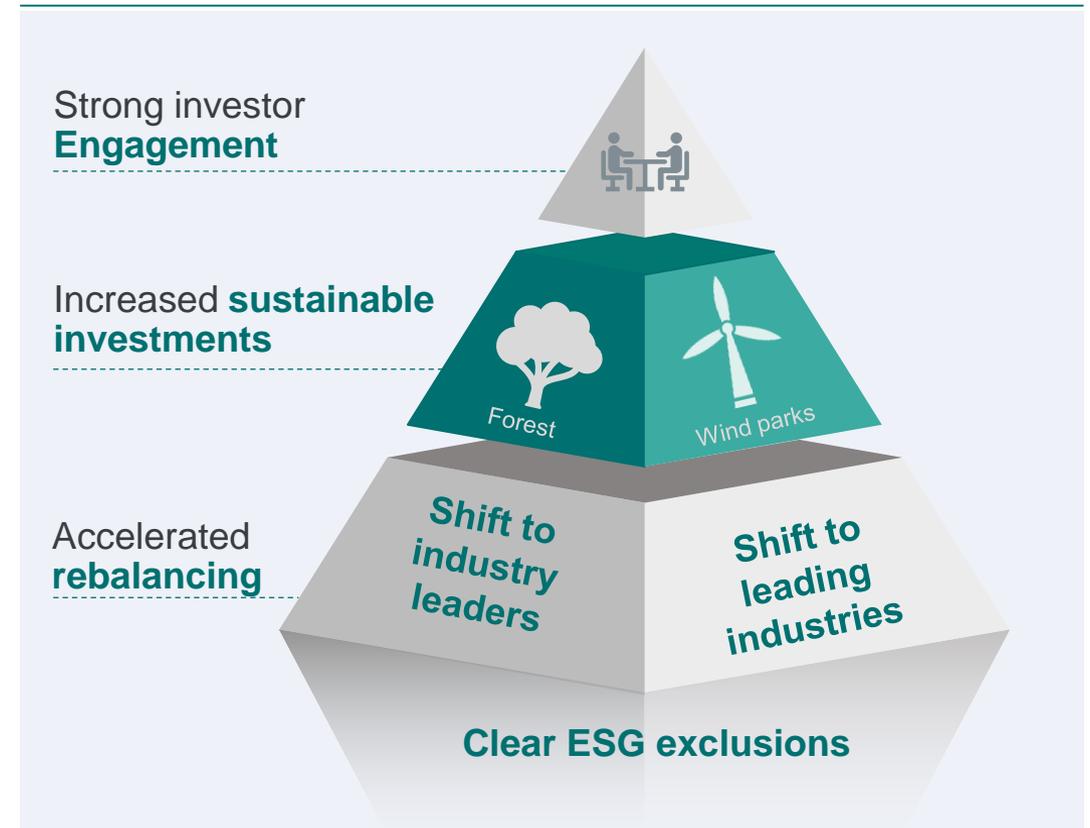
3 Assets: Clear pathway towards net zero 2050

Pathway to net zero



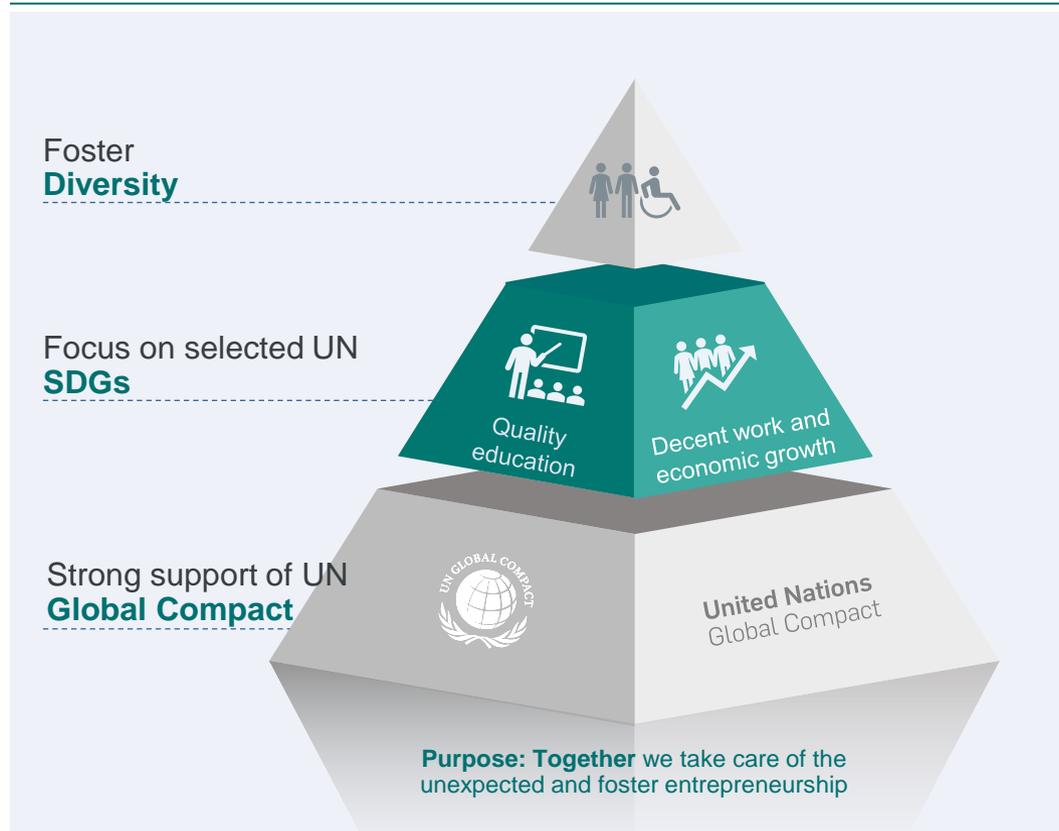
1) Of liquid investment portfolio (corporate fixed income & equities)

Core strategic pillars



4 Society: We are committed to social engagement

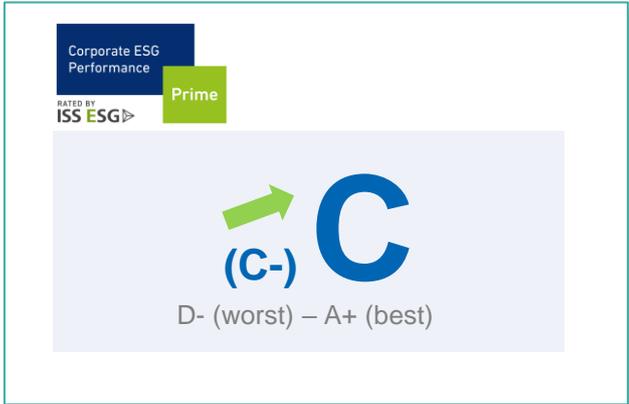
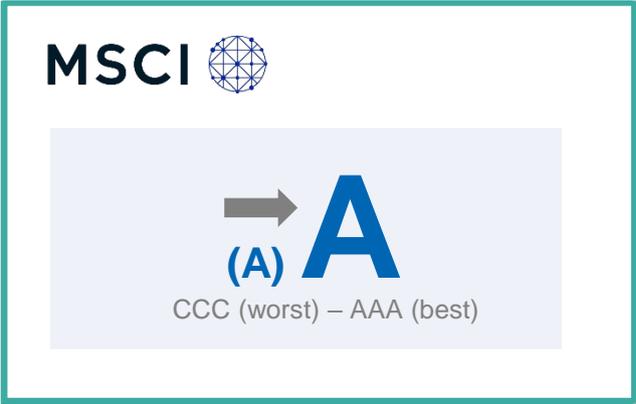
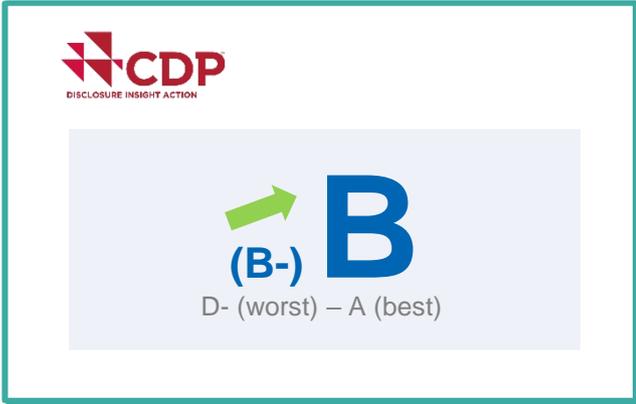
Core strategic pillars



Focus diversity



Rating improvements reflect our success in driving change



Note: Figures as of 08/2021, brackets contain figures as of 08/2020; for further information see https://www.talanx.com/en/talanx-group/sustainability/esg_ratings

= in focus with active management

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I Climate change is driving the rationale for issuing a green bond compliant with both: GBP¹ & EU Taxonomy

Climate Change

Global warming



+

Extreme weather conditions



- Increasing need for **insurance solutions** to protect against **natural catastrophe risks**
- Affects both **primary insurance** and **reinsurance operations**
- Significantly impacts both **own business activities** and those of our **business partners**

Our response

- 1 **Asset management**
- 2 **Underwriting**
- 3 **Environmental management**

Talanx Green Bond Framework²

Capital for assets contributing to:

- a) Talanx's sustainability strategy
- b) EU's environmental objectives of climate change mitigation
- c) Overarching climate initiatives

Transparent set of criteria in line with:



Green Bond Principles¹, and therefore includes:

- a) Use of proceeds
- b) Process for project evaluation & selection
- c) Management of proceeds
- d) Reporting
- e) External reviews



EU Taxonomy, and therefore the framework will be updated and expanded in the future since standards and overall market for green finance are evolving

"The green bond framework will support Talanx's efforts to mobilise capital to finance or refinance assets or investments that contribute to Talanx's sustainability strategy, the EU's environmental objectives of climate change mitigation, and overarching national and international climate initiatives."

1) [Green Bond Principles](#) (ICMA, 2021); 2) For further information please see our green bond framework: https://www.talanx.com/de/investor_relations/creditor_relations/anleihen/green_bond_framework_agreement

I Talanx Green Bond Framework – strong support for sustainability strategy

Green bond framework

Comprehensive green bond framework developed, in line with Talanx sustainability strategy



Second party opinion

Sustainalytics certifies alignment with current state of EU Taxonomy¹ & Green Bond Principles

✓ EU Taxonomy regulation

Compliance with national/EU/ international environmental & social standards² ensures meeting:

- “Do no significant harm” criteria
- Minimum social safeguards

✓ Green Bond Principles

- Use of proceeds
- Process for evaluation & selection
- Management of proceeds
- Reporting
- External reviews

Use of proceeds

Framework incorporates **renewable energy and green buildings**

✓ Use of proceeds



Renewable energy



Green buildings



✓ Contributing to

- Talanx sustainability strategy
- EU’s environmental objectives of climate change mitigation
- Overarching climate initiatives

1) Alignment on assessed categories; for further information please check second party opinion: https://www.talanx.com/de/investor_relations/creditor_relations/anleihen/green_bond_framework_agreement; 2) Including the ILO Core Labour Conventions and the UN Guiding Principles on Business and Human Rights

I Intended use of proceeds in accordance with green bond framework



Category	Eligibility criteria	Green Bond Principles category/ EU Taxonomy activity (NACE code)
<p>Renewable energy</p>  	<p>The financing, investment in or acquisition of renewable energy projects or related infrastructure in the areas of:</p> <ul style="list-style-type: none">▪ Solar (PV)▪ Concentrated solar power systems▪ Onshore and offshore wind energy technologies <p>This includes activities relating to development, construction, expansion, operation and maintenance.</p>	<p>Green Bond Principles: Renewable energy</p> <p>EU Taxonomy: Climate Change Mitigation: 4. Energy (NACE D35.11 and F42.22)</p> 
<p>Green buildings</p>  	<ul style="list-style-type: none">▪ The financing of or investment in residential and commercial buildings located in Germany, built prior to 31 December 2020 with an energy performance complying with the EnEV 2014 (i.e. in the top 15% of German building stock)▪ In the case of buildings built after 1 January 2021, the primary energy demand (PED) must be at least 10% lower than the threshold for the applicable nearly zero energy building requirement▪ Renovation of buildings that have led to a reduction of primary energy demand of at least 30%	<p>Green Bond Principles: Green buildings</p> <p>EU Taxonomy: Climate Change Mitigation: 7. Construction and Real Estate Activities (NACE F41.1, F41.2, L68, F41, F43)</p> 

I Talanx Green Bond Framework complies with EU Taxonomy

“Do no significant harm” (DNSH) and minimum social safeguards ensure EU Taxonomy alignment



*Please refer to the
'second party opinion'
section for more details*

Compliance with national, EU and international environmental and social standards² ensures that Talanx meets DNSH-criteria and minimum social safeguards specified under EU Taxonomy Regulation



- Talanx **monitors climate (physical) risks** as part of its Group-wide risk management



- Climate and sustainability considerations are also taken into account **during underwriting** and **asset management decisions**



- In line with Talanx's internal due diligence, **all Eligible Green Projects** must comply with:
 1. Environmental and social laws and regulations
 2. Talanx's internal policies and standards
 3. National laws is also a prerequisite under the Talanx Code of Conduct
 4. Eligible Green Projects are located within the EU or in Norway, and therefore comply with a wide range of national, environmental and social requirements

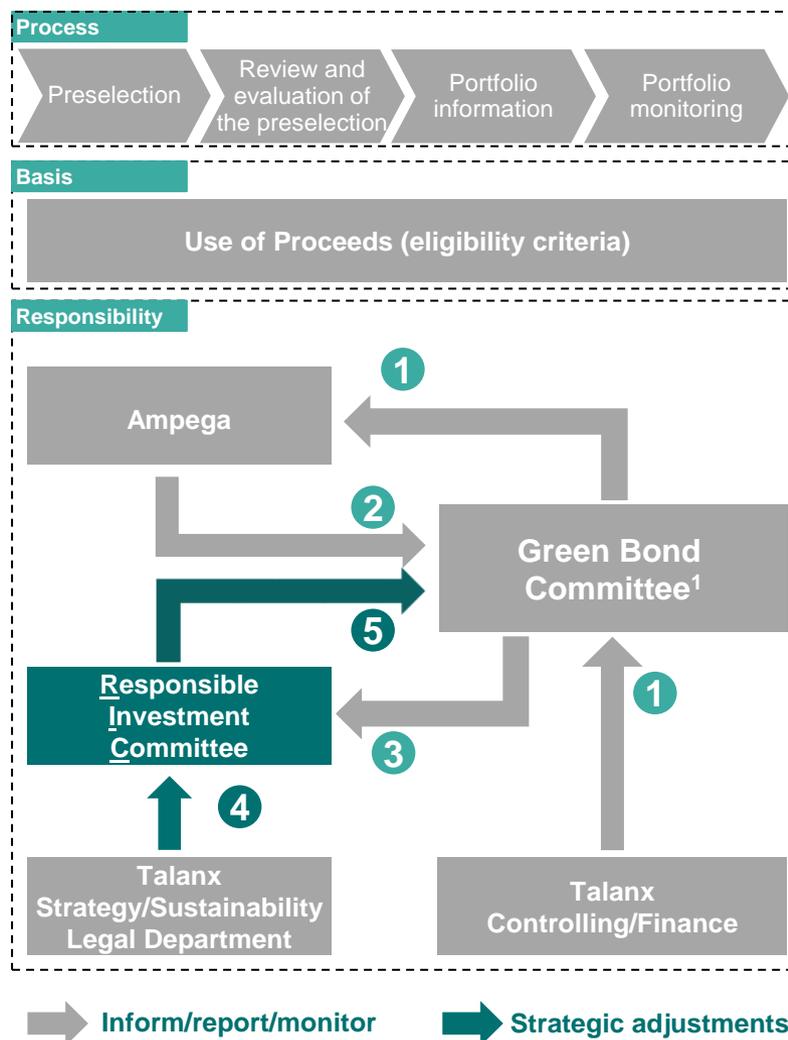


- Talanx also has a **Group-wide exclusion policy** for companies, including, e.g.: Global Compact violations, controversial weapons, issuers that derive more than 25% of their revenue or generate more than 25% of their power from coal and issuers that derive more than 25% of their revenue or generate more than 25% of their power from oil sands



- Investments in **renewable energy projects** and **real estate assets** are required to **satisfy detailed exclusion criteria** including, e.g.: nuclear power, controversial activities and a high environmental impact (e.g. avoiding CO₂ emissions)

II Process for project evaluation and selection

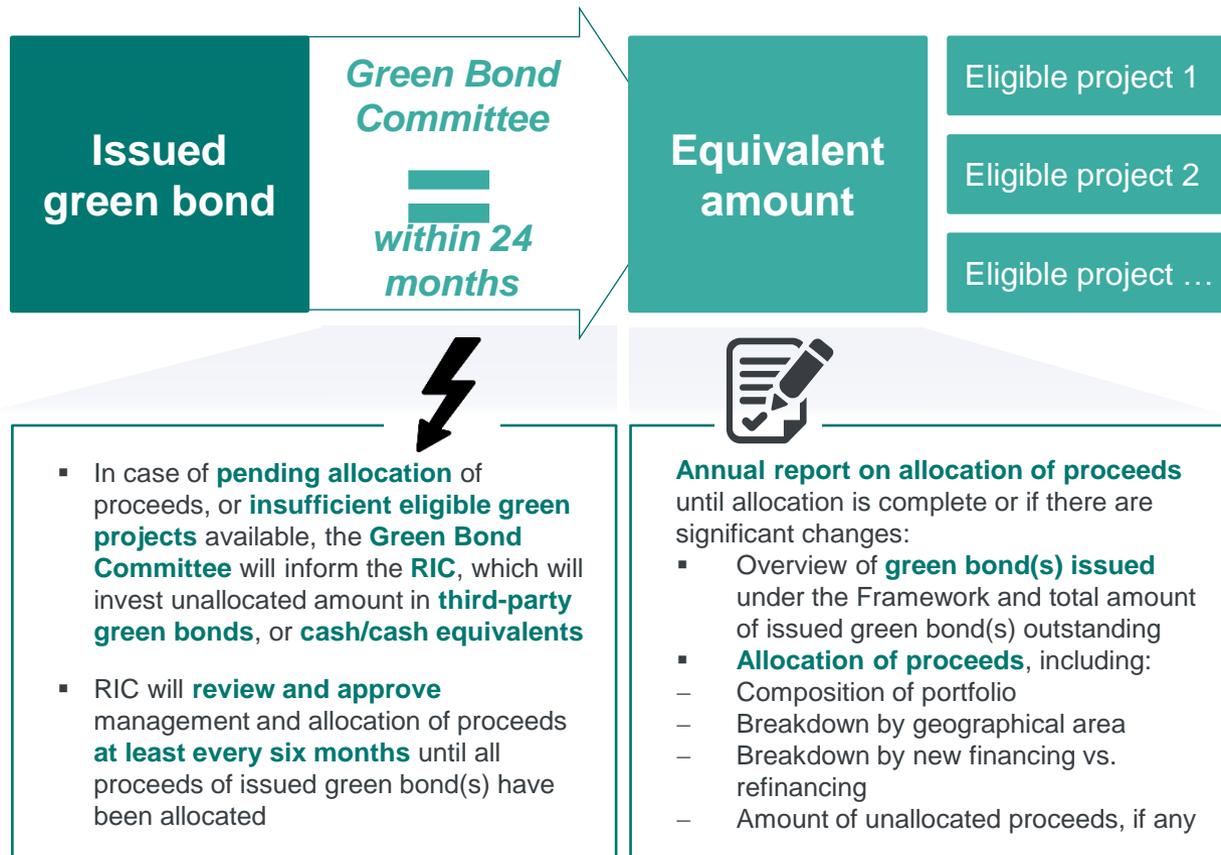


Process and responsibilities

- 1 Evaluation and selection of **green investments** in accordance with the **eligibility criteria** set out in the **Talanx green bond framework**
- 2 **Ampega** reports on the development of the **portfolio of eligible green projects**
- 3 The **Green Bond Committee** (headed by Group CFO) informs the **Responsible Investment Committee (RIC)** about changes in the portfolio of Eligible Green Projects and updates to the **Talanx Green Bond Framework**, where applicable
- 4 **Talanx Strategy/Sustainability** and **Legal Department** check that Talanx's sustainability and climate strategy is continuously reflected in the **Talanx Green Bond Framework**
- 5 Any changes to the **Talanx Green Bond Framework** are communicated to the **Green Bond Committee**. They must be agreed upon in advance between **Talanx Controlling / Finance** and **Ampega**.

III Management of proceeds and allocation reporting

Amount equivalent to proceeds of issued green bond(s) will be managed on a portfolio basis



- **Green Bond Committee** aims to allocate an amount equivalent to proceeds of instruments to a **portfolio of eligible green projects**¹ for **as long as the green bond(s) are outstanding**
- The Committee will strive to allocate all proceeds from green instruments **within 24 months of issuance**
- Specific projects will be **removed from the portfolio of eligible green projects**, if they:
 1. are divested or
 2. are discontinued, or
 3. no longer meet the definition of eligible green projects as set out in the Green Bond Framework
- The Committee will **strive to replace** removed projects with **eligible green projects** as soon as reasonably practicable, so volume of issued green bond(s) does not exceed value of portfolio of eligible green projects

1) In the case of refinancing in whole or in part, green projects, refinancing is defined as assets/investments with a maximum lookback period of three years (with the exception of the eligible green projects in the “green buildings” category)

Annual report on output and environmental impact of portfolio of eligible green projects (until allocation is complete)

Impact reporting



Category

Renewable energy



Green buildings



Reporting

Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other forms of energy):

- Installed renewable energy capacity in MW
- Annual GHG emissions reduced/avoided, in tons of CO2 equivalent

An overview of eligible green projects, their year of construction and their environmental classification – e.g. an EPC under the EPBD, an *Energieausweis* (i.e. an energy certificate issued under the EnEV), LEED, BREEAM, etc. – including the classification level where applicable (e.g. “excellent”, “EPC label A”)

- Estimated energy savings and CO2 emissions avoided by the eligible green projects in comparison to government regulations and/or reference buildings

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Sustainalytics has assessed Talanx's Green Bond Framework to be credible and impactful

The SPO assessment is based on use of proceeds, project evaluation and selection, management of proceeds and reporting

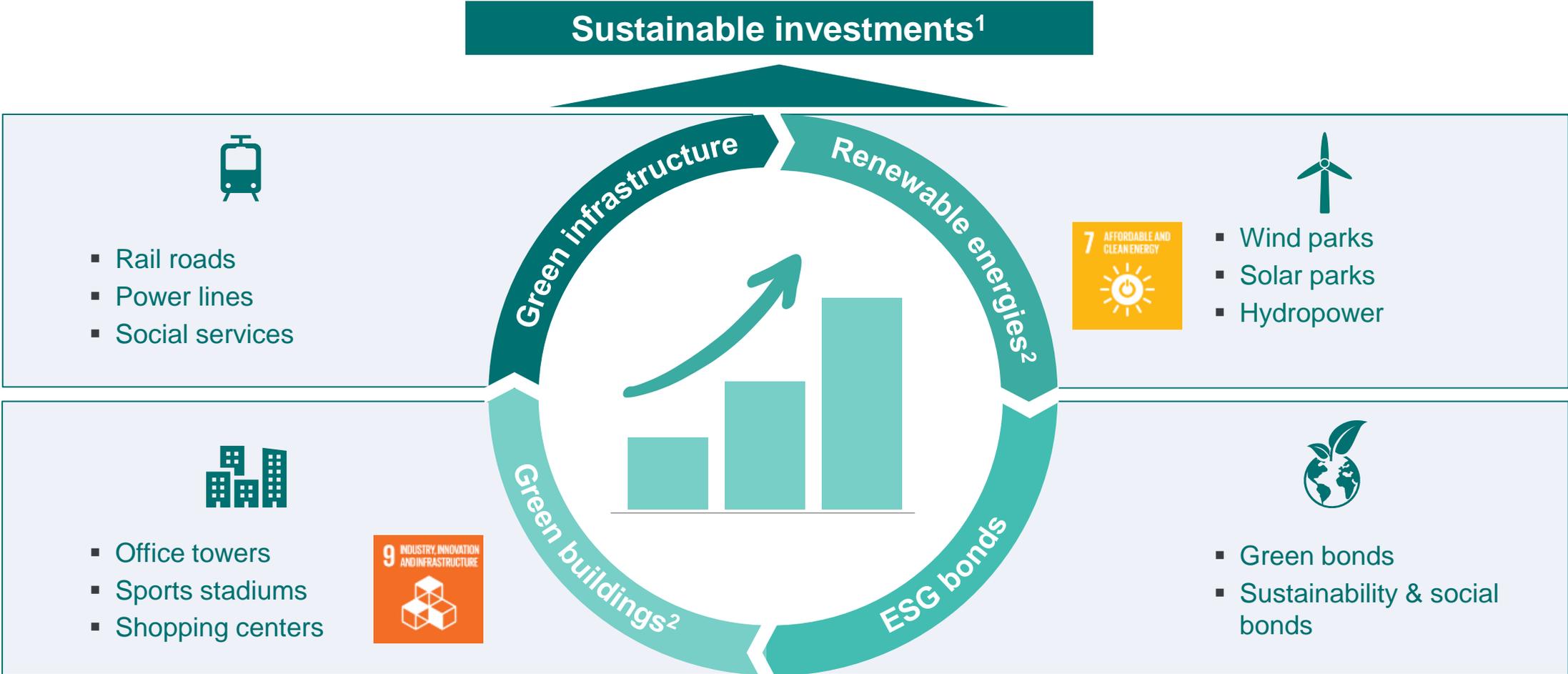
			Alignment with Taxonomy criteria		Alignment per EU Environmental objective						
			TSC	DNSh	Mitigation	Adaptation	Water	Circular economy	Pollution	Eco-systems	
Opinion on the Talanx Green Bond Framework	✔	Use of proceeds (renewable energy and green buildings) are aligned with those recognised by the Green Bond Principles (GBP, 2021) and will lead to a positive environmental impacts and advance UN SDGs 7 and 9	✔	✔	✔	✔	✔	✔	-	✔	
	✔	Project evaluation and selection is in line with market practice	✔	✔	✔	✔	-	✔	-	✔	
Impact of use of proceeds	✔	Management of proceeds is in line with market practice and Sustainalytics positively notes the ambition to invest unallocated proceeds in green bonds	✔	✔	✔	✔	✔	✔	-	✔	
	✔	Reporting is in line with market practice	✔	✔	✔	✔	✔	✔	-	✔	
Sustainability strategy of Talanx	✔	Overall alignment with the ICMA Green Bond Principles 2021	✔	✔	✔	✔	-	-	-	✔	
	✔	Overall alignment with EU Taxonomy (see table to the right)	Not assessed at this time, as Talanx does not yet have projects in these two areas ¹								
	✔	Green buildings have a positive impact for climate change mitigation in Europe	+ Alignment with the minimum social safeguards ✔ = full alignment - = not applicable								
	✔	Increasing the share of renewable energy sources in power generation									
	✔	Alignment with/contribution to UN SDGs , specifically 7 and 9	“The Talanx Green Bond Framework is credible and impactful and aligns with the four core components of the ICMA Green Bond Principles 2021.” – Sustainalytics, 2021								
	✔	The framework positively contributes to Talanx's sustainability strategy									
	✔	Talanx is well positioned to manage and mitigate common environmental and social risks associated with the projects									

¹ For further information please check second party opinion: https://www.talanx.com/de/investor_relations/creditor_relations/anleihen/green_bond_framework_agreement

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Ambition to increase internally labelled sustainable investments



1) Definition of sustainable investments updated as of October 2021: contains green investments (e.g. forests, clean transportation and others) and social investments (e.g. social infrastructure, social bonds and others) and is not limited to the eligible categories according to the Green Bond Framework; 2) Renewable energies and green buildings are part of the Talanx Green Bond Framework

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