2023

Sustainability Report

talanx.
Insurance. Investments.

Contents

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

References to other places in the sustainability report

GRI
References to the GRI Standards

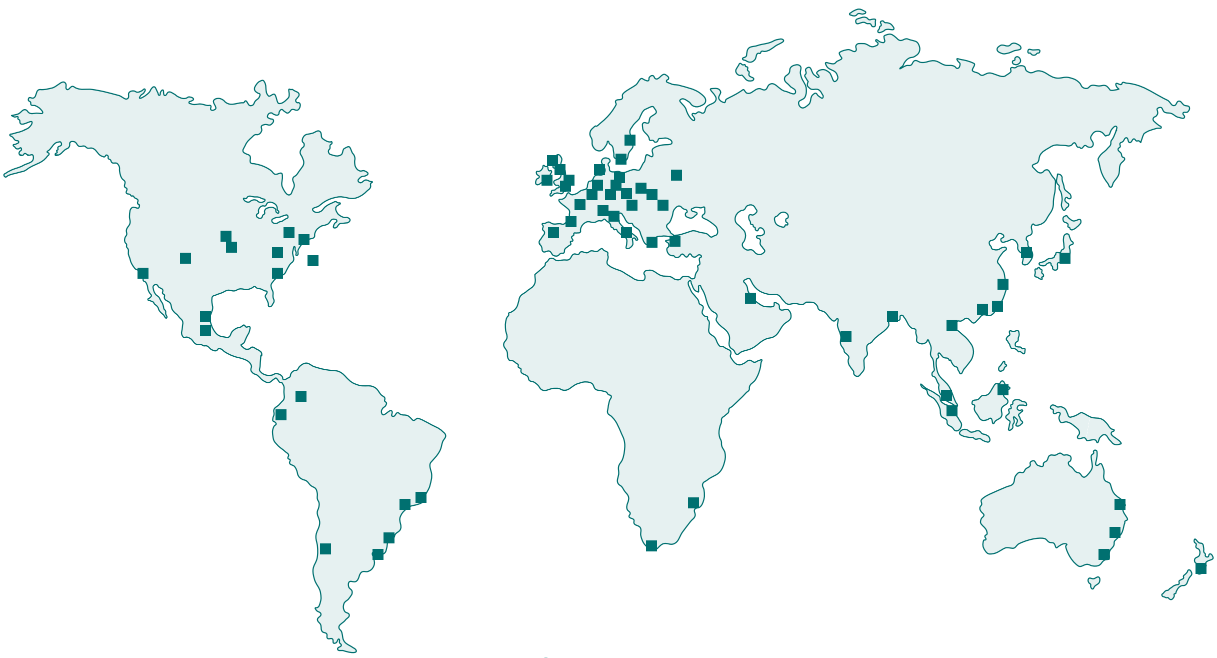
TCFD
References to the TCFD Recommendations

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 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	INSURANCE REVENUE	OPERATING PROFIT (EBIT)	GROUP NET INCOME
		EUR billion	EUR billion	EUR million
27,863	>175	43.2	3.1	1,581

www.talanx.com

Highlights 2023

2024 onwards: New exclusions for investments in oil production and transportation, and the fracking of shale gas and/or oil; sharpened thermal coal exclusion (Climate-related and environmental matters in asset management).

Number of ESG experts on the Supervisory Board increased to three (ESG governance).

34%

Target reached: Carbon intensity of the liquid investment portfolio reduced by 34% compared to the 2019 baseline (Climate-related and environmental matters in asset management).

38%

Target reached: 38% reduction in Scope 1 and Scope 2 emissions for Germany compared to the 2019 baseline (Climate action and environmental protection in the enterprise).

Risk analysis under the German Supply Chain Due Diligence Act (LkSG) performed (Human rights and supply chain, Supplier management).

EUR 11.3 BILLION

The Talanx Group as an investor: At EUR 11.3 billion, sustainable investments exceeded the EUR 8 billion target before 2025 [1] (Climate-related and environmental matters in asset management).

[1] The target was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; adjusted for a change in the methodology, the volume would also be above the 2025 target figure, at EUR 9.5 billion.

Foreword

Dear ladies and gentlemen,

GRI 2-22 Both we and our environment are being impacted by growing geopolitical crises and persistent inflation. Our strategy has proved its worth in this challenging market environment: we have demonstrated our resilience and exceeded our targets. We are delighted to report that this applies not just to our financial targets but also to our sustainability goals.

Each and every one of our nearly 28,000 or so highly motivated and dedicated members of staff has done everything in their power to live up to our Talanx Purpose –"Together we take care of the unexpected and foster entrepreneurship" – with confidence.

However, the numerous political and social questions currently demanding our attention cannot be allowed to distract us from the long-term challenges posed by climate change. Although the top 5 risks over the next two years identified in the World Economic Forum's recent Global Risks Report represent a broad range of geopolitical, social, technological and environmental topics, four out of the top 5 risks for the next ten years fall in the environmental category. We need to lay the groundwork for successfully combating these risks today.

For us as a global insurance group, these insights confirm the approach we are taking and reinforce our responsibility to contribute to a sustainable future. We have pledged our support for the Paris Agreement on climate change, and as such are 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 associated with it are recognised in a variety of ESG ratings. For example, we improved our CDP rating in the reporting period for the second year running, and now have a rating of A–. We are working consistently to enhance our Group-wide sustainability strategy. For us, sustainability is a key element of our 2025 Group strategy, underscoring the importance that environmental, social and governance aspects play as key elements of our business model.

After achieving carbon neutrality (including offsetting) in our operations in Germany, where more than 38% of our employees work, back in 2019, we are now aiming to do this worldwide for our own operations by 2030 (Scope 1, 2 and 3, including offsetting of residual emissions). Our short-term goal was for our German operations to achieve a 25% cut in their carbon emissions compared with the 2019 baseline by 2025. We have already reached this ahead of schedule. For example, we further reduced our office space in Germany, and hence the energy used in our buildings, in the reporting period.

Above and beyond our target for global operations, we are committed to achieving net zero emissions in our underwriting and asset management 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 are using our forward-looking, risk-based underwriting policy to partner with our customers as they transform

»We celebrate our successes because our Group lives the #together principle!«

their industrial operations. In addition to insuring renewable energy projects and grid and storage infrastructure, among other things, this entails reducing our exposure to fossil fuels. In line with this, we have set ourselves the goal of exiting business models based on thermal coal by 2038 at the latest. The previous year saw us develop the multi-stage reduction path that sets out our Group-wide exit from thermal coal by 2038 in greater detail, in keeping with the principle of continuous development. In addition to our restrictive underwriting policy for thermal coal risks, we monitor other fossil fuels continuously and regularly adjust our underwriting policy for them as well. We excluded a variety of oil and gas project risks from insurance cover in the reporting period. The Group had already excluded taking on new risks relating to oil sands several years ago, and announced that it would exit all risks completely by 2038. It has now brought forward the exit in full from existing risks to the end of 2025.

We are continuing to make progress in asset management and are systematically creating transparency in this area through our membership of the Principles for Responsible Investment (PRI), the UN finance initiative. We have set ourselves the goal of cutting the carbon intensity of our liquid investment portfolio by 30% compared to the 2019 baseline by 2025, as a step towards our goal of achieving net zero emissions. We already hit this target in the reporting period, with a reduction of 34%. We also achieved our objective of increasing our sustainable investment volume to EUR 8 billion by 2025 for the first time in 2022 and clearly exceeded it in the current reporting period. Equally, we have mirrored our underwriting activities by introducing Group-wide investment restrictions for thermal coal risks in our asset management activities. We continued to sharpen our approach in the reporting period: no new investments may now be made in issuers that generate 10% or more of their revenue from coal-fired power generation or thermal coal extraction. Stricter requirements were also introduced for investments in companies involved in new greenfield Arctic drilling projects. What is more, the Talanx Group is now also excluding new investments for its liquid portfolio in issuers that generate 25% or more of their revenues from oil production and transportation (upstream/midstream). Equally, new investments in issuers who generate 25% or more of their revenues from fracking of shale gas and/or oil are excluded. We are also continuing to 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. Among other things, this includes recognising the rights of indigenous peoples. The Group decided during the reporting period that it will not support new projects if it receives knowledge in advance that these projects did not obtain the free, prior and informed consent (FPIC) of impacted indigenous peoples.

However, the Group's social commitment can be seen particularly clearly at the local level, with our colleagues giving their help where it is most needed. In 2023 as in previous years, the many events that occurred around the world affected us deeply: in addition to the ongoing war in Ukraine and the reignited conflict in the Middle East, the large number of natural disasters offered another lesson in humility. I found the dedication shown by our staff in Türkiye particularly impressive after the severe earthquake on 6 February 2023, they not only provided a wide range of humanitarian aid at a local level, but also settled claims quickly and unbureaucratically.

Our sustainability credentials are an integral part of our corporate governance. A third Supervisory Board member was appointed as a sustainability/ESG expert in the reporting period, reflecting the continuously growing importance of sustainability in this body as well. In addition, we are strengthening sustainability by continuing to expand and establish the ESG teams in our divisions and central functions.

We are also continuously addressing the growing regulatory requirements relating to sustainability. Taxonomy reporting was extended substantially in the reporting period. We performed the first risk analysis of our global supplier base in line with the German Supply Chain Due Diligence Act (LkSG) so as to determine human rights and environmental risks in our own business areas and at our direct suppliers. A Group-wide project is being used to prepare for the far-reaching requirements of the Corporate Sustainability Reporting Directive (CSRD).

A high level of sustainability awareness also requires greater transparency and regular communication, which we ensure by engaging in continuous dialogue with our stakeholders. This ninth sustainability report also reflects the important discussions taking place about climate and environmental aspects, social matters and sustainable corporate governance. Ways in which we emphasise our focus on sustainability include successively expanding the number of companies included in our report, and incorporating global and national reporting standards and guidelines in our sustainability reporting. 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 towards it #together.

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

Yours sincerely,

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 and distributes can be found in the Group Annual Report 2023:

- For Talanx's insurance revenue and the results of its divisions and individual markets, see the Performance section (p. 52ff.).
- For its total assets including information on liabilities and equity, see Talanx AG's consolidated balance sheet (p. 146f.).
- For information on Talanx's shares, see Talanx shares (p. 12ff.) and Earnings per share (p. 318).

Material changes in the size, structure and ownership of the Talanx Group in the financial year are described in the Group Annual Report 2023; see among other things the sections entitled Fundamental information about the Group (p. 42f.) and Performance (p. 52ff.). No changes in the structure of the supply chain or in supplier relationships have been identified as of the present for the past financial year.

GRI 2-1 Headquartered in Hannover, Germany, 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. 323ff.) in the Group Annual Report 2023.

FINANCIAL INDICATORS AND METRICS

Indicator	Unit	2023	2022 [1]
Insurance revenue	EUR million	43,237	39,645
Insurance revenue (primary insurance)	EUR million	19,722	16,967
Operating profit (EBIT)	EUR million	3,068	2,815
Group net income	EUR million	1,581	706
Return on equity [2]	%	16.6	8.2
Investments for own risk	EUR million	135,390	127,345
Shares in free float	%	23.3	21.1

[1] The 2022 reporting period was adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8 and adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes in the Group Annual Report.
[2] Ratio of net income (after financing costs and taxes) excluding non-controlling interests to average equity excluding non-controlling interests.

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

The Talanx Group's primary insurance operations comprise three divisions: Industrial Lines, Retail Germany and Retail International. A Talanx AG 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 Türkiye).

The Reinsurance Division consists of the Property/Casualty Reinsurance and Life/Health Reinsurance segments. Responsibility for these lies with Hannover Rück SE.

The Corporate Operations segment includes Talanx AG, which primarily performs strategic functions and acts as an internal reinsurer for the Group. Other companies in the segment include HDI AG, which acts as the employer company for the Primary Insurance Group in Germany 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. Other 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. Well-known brands abroad include WARTA and TU Europa in Poland, among others.

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 (BerVersV); 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 of the Group Annual Report 2023 entitled (p. 42).

Additional information on the divisions can be found in the Group structure section on p. 43f. of the Group Annual Report 2023.

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	
HDI	HDI neue leben Versicherungen TARGO·VERSICHERUNG Schutz und Vorsorge Life Style Protection		HDI warta. EUROPA UBEZPIECZENIA	hannover re e+s rück		ampega. Talanx Investment Group talanx. Reinsurance Broker

Business Model and Strategy

Business model and strategy

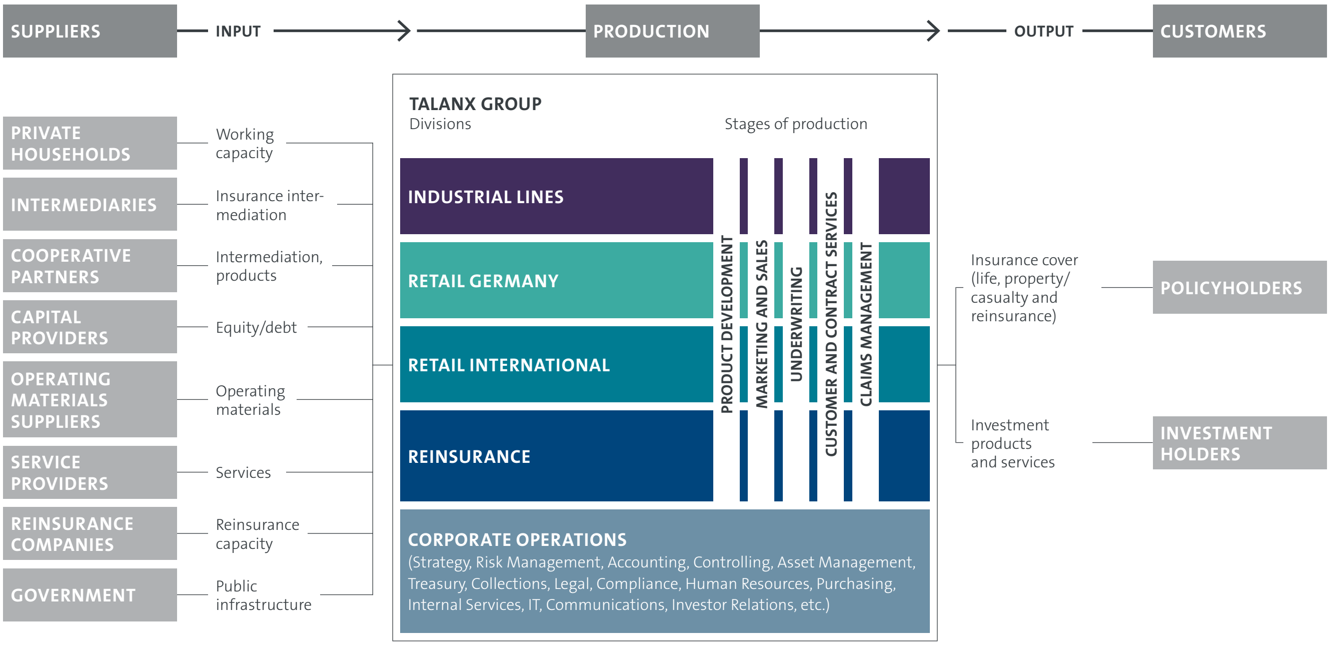
GRI 2-1 The Talanx Group is a multibrand provider in the insurance and financial services sector. Its parent company is Hannover-based Talanx AG, a listed financial and management holding company, and it employed 27,863 people worldwide at the end of 2023. HDI V. a. G., a mutual insurance undertaking formed more than 120 years ago, is the majority shareholder in Talanx AG with an interest of 76.74%. A total of 23.26% of the shares, including employee shares, are held in free float.

GRI 2-6 The Talanx Group has subsidiaries and branch offices throughout the world, and maintains business relationships with primary insurance and reinsurance customers in a total of more than 175 countries. 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. Its retail business is focused on Germany and, at the international level, primarily on the growth regions of Central and Eastern Europe (including Türkiye) and Latin America.

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 the Talanx Group has access to sufficient independent risk capacity in all market phases, allowing it 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 customers, 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 is also 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 GROUP'S VALUE CHAIN



The Talanx brand is focused on the capital markets, while the operating 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. As a result, the Talanx Group can cater optimally to the needs of different customer groups, regions and alliance partners. Equally, new companies and/or business areas can be integrated efficiently into the Group. In addition, this structure creates a strong basis for entering into partnerships catering to a wide range of partners and business models.

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 for financial year 2023 to EUR 2.35 (+17.5% year-on-year) and for 2024 to EUR 2.50 (+25% compared to 2022). Two key supplementary strategic conditions that the Group has set itself are limited market risk (≤ 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 the premiums; and the strong regional diversification of its business and product mix.

Ongoing capital management optimisation is another integral part of the 2025 Group strategy. This focuses primarily on increasing the profits transferred from primary insurance operations so as to maximise the Group's financial flexibility while ensuring robust capitalisation levels at all times and guaranteeing the ability to pay dividends over the long term. 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 Group 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") focus on enabling 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 matters 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 its industrial business in North America, Europe, Australia and selected emerging economies.

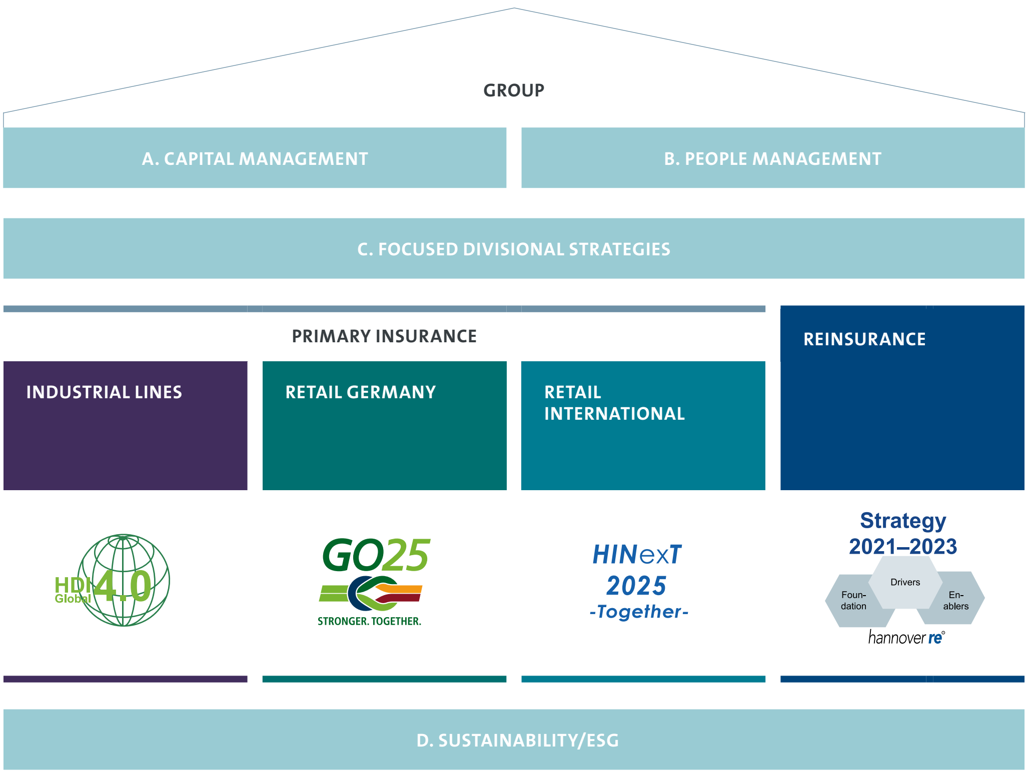
The Retail Germany Division is continuing its focus on its Go25 strategy. This aims to achieve strong growth in the division's business with small and medium-sized enterprises (SMEs) plus additional cooperative agreements and organic growth in the bank partnerships area.

In the Retail International Division, the Talanx Group'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 5 – property/casualty insurance provider in each of its five defined core markets in Latin America, and in Central and Eastern Europe. Profitable organic and non-organic growth will contribute to this.

The Reinsurance Division's Strategy 2021–2023 concentrated on further expanding its existing strengths, particularly as regards its competitiveness and profitability. Key issues here have been consistently leveraging diversification advantages and continuing to expand 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, in underwriting, in the Group's operations, and in its corporate social commitment activities.

TALANX GROUP STRATEGY



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

The PSI progress report on the Principles for Sustainable Reporting is contained in the PSI reporting section of this sustainability report. The Transparency and Assessment Report under the Principles for Responsible Investment (PRI) is prepared as a standalone document, in line with the requirements. The Group incorporates the initiatives' principles when, for example, making decisions in Board of Management committee meetings, in the Responsible Underwriting Committee (RUC) and in the Responsible Investment Committee (RIC), 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. 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 of residual emissions), 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]

Since mid-2023, the sustainability strategy has been supplemented by significantly stricter positioning on providing insurance for fossil fuel projects. Further details of and additions to the existing exclusions, especially as regards fossil fuels, were resolved in 2024 in the course of the strategy update. These relate both to asset management (Climate action and environmental protection in asset management) and underwriting (Climate action and environmental protection in underwriting) and will take effect in 2024.

Work to reduce emissions in the Talanx Group's own operations is progressing just as systematically as the implementation of its sustainability strategy in asset management, where the medium-term goals for 2025 were already reached in the reporting period. In addition, the risk analysis required under the German Supply Chain Due Diligence Act (LkSG) was performed for the first time in 2023. One focus of sustainability activities in 2024 will be on preparing for CSRD reporting.

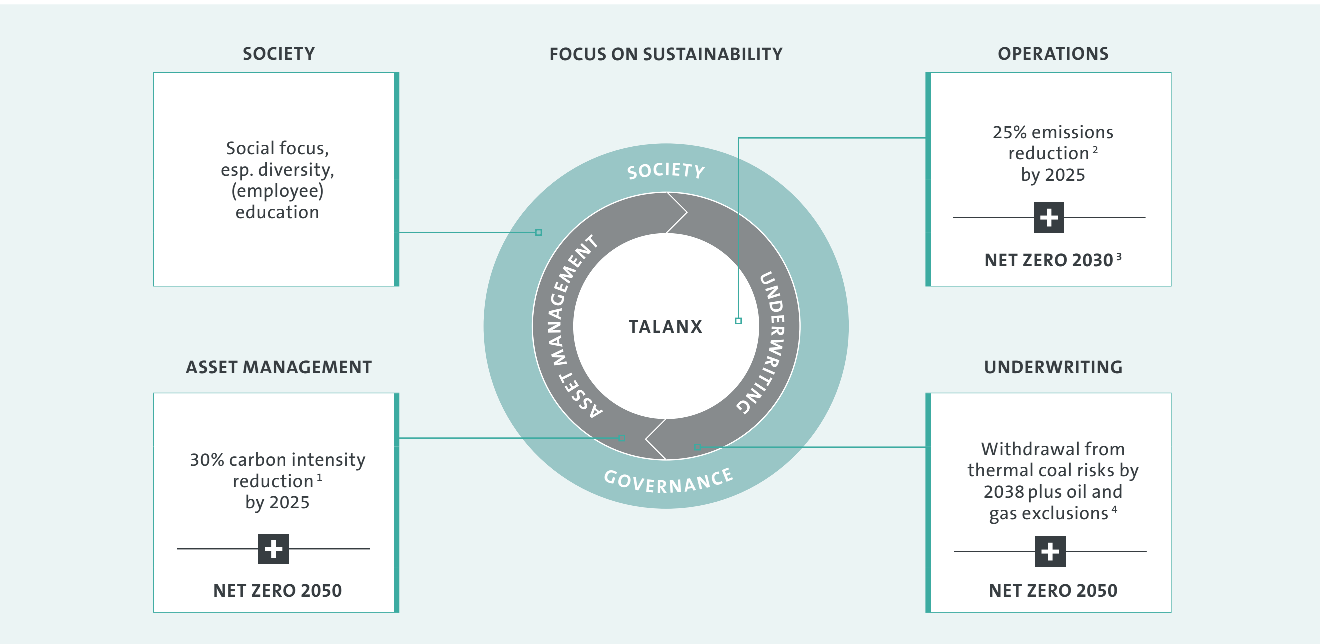
Furthermore, the Talanx Group published its Green Bond Allocation and Impact Report in 2022. This report relates to the green bond that was successfully placed on the market in 2021 and that has a volume of approximately EUR 500 million. The bond's objective is to finance and refinance sustainable projects, with a particular focus being on renewable energy generation, and on low-energy residential and commercial real estate. In other words, the Group's Green Bond Framework also systematically integrates 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. Understanding and mastering these risks also opens up growth opportunities and the ability to drive forward 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 transformation process 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 offers a significant opportunity. Demand for insurance solutions will increase in these sectors in line with investments. As regards risk consulting, there is a need to assess and mitigate customers' exposure to climate risks and to improve 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.

[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.

TALANX'S SUSTAINABLITY STRATEGY



[1] 30% reduction in the carbon intensity of the liquid portfolio by 2025 compared to the 2019 baseline.
[2] Reduction in Scope 1 and Scope 2 emissions in Germany compared to the 2019 baseline.
[3] Including offsetting of residual emissions.
[4] Effective as of 1 July 2023.

Policies

Policies

Governance model

The Talanx Group's corporate governance policy plays a key role in ensuring responsible corporate governance designed to achieve sustainable value creation, and the effective 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. Core value drivers include continuously tracking relevant trends, needs and scientific findings, and taking developments in society as a whole into account, so as to safeguard 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, of reacting to changes in good time and of 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 continuously integrating sustainability aspects throughout 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. Sustainability risks are managed locally in the divisions and by the risk carriers. This is done by drawing on, and constantly expanding, the expert knowledge provided by specialists such as underwriters, engineers, lawyers, economists and actuaries.

GRI 2-12 | 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 drive forward their ongoing enhancement. Both the potential financial impact of sustainability risks on the Group (outside-in perspective) and the impact of the Talanx Group's business activities on its environment (inside-out perspective) are examined.

Sustainability risks are explicitly identified during the risk inventory and other, focused risk surveys such as those performed as part of the ESG risk assessment and the emerging risk process (risk report). The ESG risk assessment is a qualitative sustainability risk survey and analysis process that involves all divisions. It covers identified risks; their short-, medium- and long-term impacts; and risk mitigation measures alike. The goal of the assessment is to ensure end-to-end monitoring of sustainability risks and associated measures.

The emerging risk process uses scenario techniques to investigate new risks and the potential impact of megatrends on the Talanx Group's business. The assessment takes a variety of different sources, methods and feedback loops into account, and analyses risk drivers and cause-and-effect mechanisms along the entire value chain. Risk identification and assessment are followed by the definition of appropriate risk management measures, in line with good risk management practice. All material functions 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 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 advantage 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. This is used to calculate Solvency 2 capital requirements and, for example, assesses the risk to the Group as a whole of natural disaster events occurring in the coming year. The primary objective is to ensure the defined strategic exposure while remaining within the risk budget. This is determined among other things by the target corridor for the Solvency 2 capital adequacy ratio of between 150% and 200%. The inputs for some of the model's components can be adapted on the basis of sustainability risk factors. 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, the high level of uncertainty associated with sustainability risks, which only materialise over the long term, and limited data availability mean that the Talanx Group addresses model risks and change risks among other things.

The Group accommodates the particular importance of climate change using scenario analyses and stress tests. These analyse the business model's exposure to, and resilience against, 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 pre-industrial levels by the end of the scenario horizon (2050). The second case analyses a business-as-usual scenario in which global warming exceeds 3°C above pre-industrial levels by 2050.

The Talanx Group uses a qualitative approach to identifying risk factors and analysing their materiality, which allows causalities and interdependent factors 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) and the Network for Greening the Financial System (NGFS). 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 which are adjusted where necessary. This process is being continued and successively expanded to incorporate new aspects for consideration. This applies in particular to the findings of the multifaceted qualitative analyses, which are taken into account when enhancing the risk management and control instruments used in underwriting, asset management and the Group's own operations. The Group uses a variety of formats to promote best practice sharing 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 shift to a low-carbon economy and associated measures such as an increase in carbon prices and/or a reduction in emission rights or the regulation of energy efficiency could decrease the market value 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 in turn 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 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 increase in the intensity and frequency of natural hazards could lead to greater losses. 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 sees 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 transformation 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.

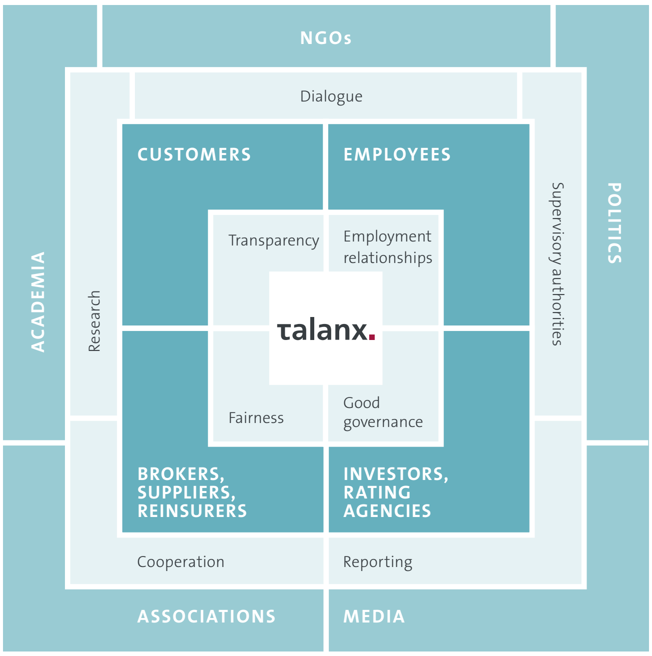
No material non-financial risks were identified in the 2023 reporting period that could have severe adverse impacts on the Talanx Group's business activities. For additional information on sustainability risks (and in particular climate change risks) and a basic overview of the Talanx Group's risk management system and risk profile, please see the risk report in the 2023 Group Annual Report (pages 116ff. of the combined management report).

Materiality analysis

The Talanx Group uses its annual materiality process to identify, assess and review its key sustainability topics. External and internal stakeholders' expectations and assessments, 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.

GRI 3-1 A new, full materiality analysis was performed in financial year 2022 with the assistance of an external consulting firm, as part of the regular analysis cycle. In addition to the legal basis for materiality analyses set out in section 289c of the HGB, the report was designed on the basis of the 2021 Global Reporting Initiative (GRI) Standards. 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:** The Talanx Group's divisional and overarching stakeholders were identified, and their influence and interests per division were evaluated, with stakeholders being assigned to one of two core groups: "affected stakeholders" and "users". The groups identified for the Talanx Group are customers (retail, corporate and industrial customers), brokers, members of the Board of Management, employees, members of 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 and the GRIs), ESG ratings (e.g. Sustainalytics and MSCI), emerging regulations (e.g. the Corporate Sustainability Reporting Directive (CSRD) and the German Supply Chain Due Diligence Act (LkSG)), megatrends (identified by 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 participating stakeholders documented the defined topics in line with 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 and scored them using a points system. The topics were also validated by the Talanx Group's Board of Management. The overlaps for "financial materiality" and "impact materiality" were defined as being material topics.

The stakeholder survey revealed seven material topics that are highly relevant for the Talanx Group. The topics have been arranged in the Talanx Group's materiality matrix on the basis of their business relevance (horizontal, "financial materiality") and the Group's impact on the individual topics concerned (vertical, "impact materiality"). 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

The regular annual review of the materiality analysis was performed in 2023. This 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 number of different processes were used during the review of the materiality analysis to ensure that both internal and external viewpoints are considered. These include the discussions that take place within the Group's sustainability network (ESG governance), in which experts from the areas of asset management, underwriting, operations, social affairs and governance provide internal takes on these issues. The external perspective is taken into account by performing sustainability-based market and competitor analyses. Additional input comes from regulatory and statutory requirements and from regular contacts with ESG rating agencies.

GRI 3-2 The review of the materiality analysis established that the material non-financial topics that had been defined are still highly relevant for the Talanx Group. Slight shifts among the topics contained in the matrix resulted from updates to the regulatory framework, market developments and social change. However, these shifts do not change the topics that have been defined as material.

MAPPING THE REPORT STRUCTURE TO THE MATERIAL TOPICS IN ACCORDANCE WITH SECTION 289C OF THE HGB[1]

	Report structure	Material topics
E (Environmental)[2]	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)[3]	Social matters	Responsibility to customers
		Employee matters
		Human rights and supply chain[5]
G (Governance)[4]	Governance	Governance in asset management
		Data protection and cyber security

[1] In addition, the Talanx Group reports voluntarily on the progress it has made in the areas of "social matters in asset management and underwriting", "corporate social commitment", "digital transformation", "compliance" and "supplier management".
[2] "E" comprises environmental matters (in accordance with section 289c of the HGB).
[3] "S" comprises social and employee matters and respect for human rights (in accordance with section 289c of the HGB).
[4] "G" comprises anti-corruption and bribery matters (in accordance with section 289c of the HGB).
[5] The Talanx Group still reports on progress made in this area; however, it is not a material topic as defined by the materiality analysis.

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 cyber security		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

The Group is in constant discussion 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 here 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 support given to academic projects facilitates dialogue with the research and academic communities. The Talanx Group specifically accommodates investors and analysts who are interested in sustainability by participating among other things in a variety of ESG rating processes; these include 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 the stakeholder dialogues are analysed and integrated in the process during the review of the sustainability strategy.

Climate-related and Environmental Matters

PAGE

E

Climate-related and Environmental Matters

Climate-related and environmental matters in asset management

The Talanx Group's total investment assets for own risk amounted to approximately EUR 135 billion as at the end of the 2023 financial year. Of this figure, 81% was invested in fixed-income securities as at 31 December 2023, while equities accounted for roughly 1.2%. Roughly 4.6% of total investments were 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.

GRI 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 environmental, economic and social impacts.

In line with this, 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 a positive impact on society and the environment. Its basic philosophy is that sustainable development can only be achieved if environmental, economic and social objectives are 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 makes individual decisions on whether to increase, retain or divest asset holdings. The use of the screening criteria and the engagement activities relate to the liquid asset classes of corporate bonds and equities.

Any recommendation to divest holdings that do not comply with the screening criteria is generally implemented by the end of the year in which 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. In addition, the Talanx Group has expanded its filter catalogue above and beyond the environmental criteria anchored in the Compact, so as to exclude thermal coal. In line with this, it no longer invests proprietary funds in companies which, according to available information, generate more than 25% of their revenue and production from coal-fired power generation or thermal coal extraction. This exclusion was sharpened in the reporting period with a view to 2024: no new investments may now be made in issuers that generate 10% or more of their revenues from coal-fired power generation or thermal coal extraction. 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 revenues from offshore oil and gas extraction within the Arctic Circle (66° 34' N). This revenue threshold is now being reduced from 10% to 5%.

What is more, in the area of fossil fuels the Talanx Group is now also excluding new investments in issuers who, according to available information, generate 25% or more of their revenues from oil production or transportation (upstream/midstream). Also excluded are new investments in issuers who, according to available information generate 25% or more of their revenues from fracking of shale gas and/or oil.[1] These exclusions apply to the Group's own liquid investment portfolio of corporate bonds and equities. The exclusions do not apply to investments in green bonds.

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 incorporates these into its asset management processes.

Negative screening criteria for direct investments in illiquid asset classes such as infrastructure investments were defined as part of the selection process. These explicitly take both classic criteria relating to the risk/return profile and sustainability criteria into account. For example, the Talanx Group does not invest in nuclear power projects, projects involving animals, assets involving significant levels of environmental pollution or assets associated with controversial business models.

TCFD In the case of real estate investments made by the Talanx Group, the aim is to directly 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, following the formation of the ESG Circle of Real Estate (ECORE), Ampega has been helping to develop a sustainability standard for the sector in Germany. 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. The carbon intensity of the liquid investment portfolio of corporate bonds (including covered bonds) and equities was reduced in line with the climate strategy developed in 2021.

The Talanx Group has set itself the goal of a 30% reduction in the carbon intensity of this liquid portfolio compared to the 2019 baseline by 2025. This corresponds to an annual reduction in its carbon intensity of roughly 7% and is an important part of the Group's long-term path towards becoming net zero by 2050. This target was reached in the reporting period; the reduction as at the end of 2023 amounted to 34%.

A company's carbon intensity is calculated using its Scope 1 and Scope 2 emissions, measured in tonnes of CO_2, standardised by the revenue for a financial year in million USD. The portfolio intensity is the market value-weighted aggregation of the intensity of the individual portfolio components. This allows the carbon intensity figure for each of the Talanx Group's divisions to be calculated. To ensure the targets for the divisions remain constant, the portfolio intensity is measured at all times using the market value weightings for the segments as at the starting date (31 December 2019). This prevents changes relating to the market values of the divisions' portfolios affecting how their carbon intensity is managed.

In 2023, the Partnership for Accounting Financials (PCAF) framework was used to calculate financed emissions. Information on the financed emissions and on other steps to be taken to reduce carbon emissions will be published in 2025.

34%

REDUCTION IN CARBON INTENSITY

2025 target reached: Carbon intensity of the liquid investment portfolio reduced by 34% compared to the 2019 baseline.

[1] In the case of business acquisitions or comparable structural changes, the exclusions apply to the portfolios to be integrated as from the integration date. The screening criteria are based in all cases on the data available as at the investment date. Any updates or changes to the data, or any data subsequently becoming available for the first time are taken into account for new investments as from their publication date. Exceptions can be made for investments in an individual issuer where these are required to meet local underwriting requirements due to the issuer's size on the local market.

PROGRESS MADE WITH ESG IN INVESTMENT

Key objectives and measures	2023	2022	2021
Reduce carbon intensity of liquid investments (Scope 1 and 2) by 30% compared to 2019 baseline by 2025	–34%	–20%	–15%
Expand sustainable investments to EUR 8 billion by 2025	EUR 11.3 billion [1]	EUR 7.9 billion	EUR 7.2 billion
Active engagement with issuers	30	45	36

[1] The target was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; adjusted for a change in the methodology, the volume would also be above the 2025 target figure, at EUR 9.5 billion.

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.

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 are evaluated annually to determine carbon emissions for the portfolio of directly held properties, with the stranding point for each property then being calculated using the CRREM tool and measures to cut carbon emissions being derived from this. Where the properties are suitable for this, an efficient energy management system is also used to achieve additional energy savings. In addition, a portfolio-wide analysis is made to determine the potential for deploying photovoltaic plants. The use of sustainable energy supplies in the directly held property portfolio is ensured by the property owners sourcing green electricity for the buildings. The use of a central waste disposal service provider actively encourages tenants to optimize waste disposal and promotes active waste management. As part of this process, customised offers for waste disposal management are made to tenants, with key goals being to streamline the number of disposal firms per property and to reduce the number of trips made by different service providers.

GRI 203-1 Above and beyond reducing the carbon intensity of its investment portfolio, the Talanx Group is increasingly making 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.

Full speed ahead for a green network

A sustainable infrastructure and the associated shift to rail travel are key ways of cutting carbon emissions outside Germany as well. The Talanx Group is taking its opportunity to nudge the shift to green mobility by providing private placement financing as part of its asset management activities.

NS Groep N. V. is the Netherlands' leading rail transport company, carrying roughly one million passengers a day using renewable energy.

By supplying finance for the state-owned company, the Talanx Group is helping to promote environmental and social sustainability: NS Groep N. V. is committed to ensuring inclusive, affordable and low-emissions mobility in the Netherlands and is pursuing a net zero business strategy. And the Talanx Group's investment is providing long-term support for NS Groep N. V.

We are living in an age of growing mobility. This means that making rail travel green is an essential step on the way to achieving climate neutrality.

Dr Jan Wicke,
Chief Financial Officer, Talanx AG

NS Groep N. V. only uses green – i.e. climate-neutral – energy for rail transport in the Netherlands.

Examples of items in the infrastructure portfolio include equity and debt investments in wind farms, solar farms, power grids and sustainable transport infrastructure 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. The total volume of the Group's infrastructure project portfolio as at the end of financial year 2023 was approximately EUR 2.8 billion, with roughly EUR 1.2 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 pursuant 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) seal, 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, educational establishments or social housing). In addition, dedicated renewable energy funds are classified as sustainable.

4. Impact investments with a directly measurable positive impact on the environment (e.g. investments in forest projects).

The planned sustainable investment volume of EUR 8 billion was reached for the first time in mid-December 2022. The market value of the sustainable investments as defined above totalled EUR 9.5 billion as at the end of the reporting period.

In addition, the sustainable investment policy was expanded in the reporting period to include the following investments:

1. Bonds or equities issued by companies that make a significant contribution to a Sustainable Development Goal (SDG).

2. Sustainable real estate with a Building Research Establishment Environmental Assessment Method (BREEAM) certificate, a Japanese CASBEE (Comprehensive Assessment System for Built Environment Efficiency) certificate or a Singaporean Green Mark certification, provided that, in all cases, the certificates are in the second-highest or highest classes.

3. Infrastructure projects with a recognised sustainability seal, fibre-optic projects and sustainable investments with a public sector co-investor.

The total volume of sustainable investments rose by a further EUR 1.8 billion on the back of this expanded classification to total EUR 11.3 billion.

ESG scores from established rating agencies for investments in corporate bonds and equities from established rating agencies are taken into account so as to objectively capture the ESG profile of the Group's portfolio. This information is summarised as a standardised average, known as the Q-ESG score, that retains sector-specific ESG characteristics. This not only systematically embeds 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, overall, investments are focused on achieving above-average sustainability. This allows Group companies to actively support the shift 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, permitting effective management of the corporate bonds and equities asset classes using the Q-ESG score. This means that Group companies 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 shift to a more sustainable economy.

The Talanx Group also discharges its responsibility as an investor by engaging in an active and comprehensive dialogue with individual issuers. In line with this, it systematically continued the engagement process that is embedded in 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 agen-

EUR
11.3
BILLION

At EUR 11.3 billion, sustainable investments exceeded the EUR 8 billion target before 2025 [1].

[1] The target was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; adjusted for a change in the methodology, the volume would also be above the 2025 target figure, at EUR 9.5 billion.

cies. 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. The engagement process focuses on companies belonging to the liquid asset classes (corporate bonds and equities) from developed economies. Where the Talanx investments are sufficiently material, a dialogue is held with the issuers concerned.

ESG ENGAGEMENT PROCESSES

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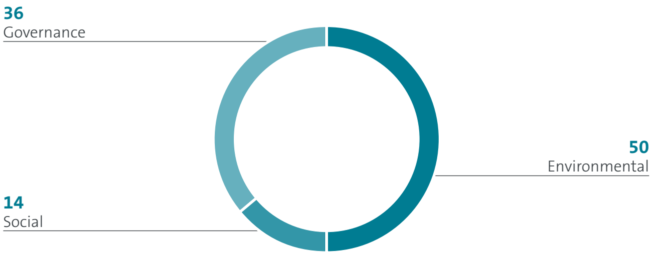

ENGAGEMENT PROCESSES IN DIFFERENT INDUSTRIES

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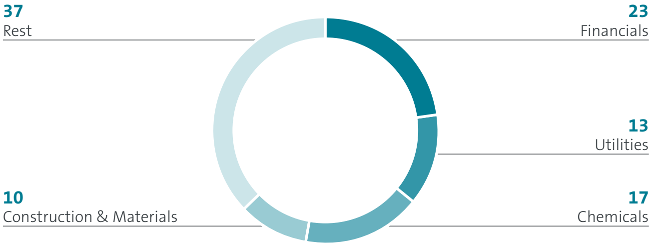

This dialogue aims on the one hand to obtain additional information about the weaknesses in the area of ESG that have been identified and, on the other, to have a positive influence on the ongoing development of the issues identified. The objective is to establish whether and, if so, in what form the 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 dialogue aims to determine 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 transforming to a more sustainable business model, the Talanx Group can remain invested in it. However, if the ambition level is considered to be too low or not concrete enough, or if the measures being taken are insufficient, actions ranging from a prohibition on further investment down to divesting the positions concerned will be initiated. The procedure to be adopted is resolved by the RIC on a case-by-case basis.

Engagement processes were conducted with 30 issuers on 36 issues in 2023. Environmental topics dominated most of them, followed by governance (G) issues. In terms of the sectors involved, most engagement processes were conducted with companies from the financial, chemicals and manufacturing sectors, and with power companies. Portfolio Management documents the results of the discussions.

In addition, the Talanx Group exercises its voting rights as an equity investor in the case of the largest holdings in its German portfolio companies, which are held in custody by central depositaries. Voting rights are also exercised in the case of mid- and large-caps if the interest held in the portfolio company concerned, measured across all holdings, exceeds a threshold of 1% of the shares in circulation. An external service provider has been commissioned to analyse the general meeting documents and to implement voting behaviour that complies with the Sustainability International Proxy Voting Guidelines.

Taxonomy KPIs in asset management

The European Commission has also prioritised the topics of climate action, environmental protection and sustainability 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 are to follow.

At the heart of these 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 Commission's perspective.

In line with this, the Taxonomy Regulation is also a relevant transparency criterion for the sustainability of the Talanx Group's investments.

The key performance indicators (KPIs) for the EU Taxonomy are determined in accordance with Commission Delegated Regulation (EU) 2021/2178. They have not yet been included in strategic decisions as there is still substantial uncertainty as to exactly how, and how broadly, to interpret them. Other approaches are used to manage the environmental sustainability of investments. Taxonomy reporting is designed to present the proportion of the Talanx Group's total investments under consideration (denominator) accounted for by environmentally sustainable (Taxonomy-aligned) investments and potentially environmentally sustainable (Taxonomy-eligible) investments (numerator).

Thus economic activities are defined as Taxonomy-aligned if the technical screening criteria that ensure a positive contribution to one or more of the six environmental objectives are met, if no significant harm is done to any of the environmental objectives, and if the minimum safeguards are complied with.

The denominator represents the investments reported in the balance sheet minus the Talanx Group's funds withheld by ceding companies. In addition, Article 7 of Commission Delegated Regulation (EU) 2021/2178 specifies that all exposures to central governments, central banks and supranational issuers shall be excluded when calculating the denominator.

The numerator's evaluation horizon primarily includes investments in securities whose issuers are subject to European reporting requirements under the Non-Financial Reporting Directive (NFRD); property, plant and equipment; and loans to finance specific identified activities. The Group defines exposures to undertakings required to be excluded from the numerator in accordance with Article 7(3) of the Commission Delegated Regulation as including funds, investments in equity interests and special purpose vehicles, and liquid investments whose issuers are not domiciled in the EU. Where issuers are domiciled in the EU, a check is made as to whether they are obliged to publish non-financial information. In the case of funds, this represents a change in the methodology used compared to the previous year; as a result, investments in real estate funds of approximately EUR 1,753 million are no longer reported as Taxonomy-eligible in the numerator this year.

Data supplied by a third-party service provider and the results of internal screening are used to assist assessment in a substantial proportion of cases when checking the Taxonomy eligibility and Taxonomy alignment of liquid securities from issuers that are domiciled in the EU and that therefore potentially fall within the scope of the NFRD reporting requirements. In the case of issuers that are subject to NFRD reporting requirements, the Taxonomy ratios published in their non-financial reporting are used for the Talanx Group's investments. The ratios reported are also sourced from an external service provider and are manually entered there in those cases in which they do not form part of the data supplied.

As a basic principle, all investments in property, plant and equipment associated with the purchase and ownership of real estate are considered to be Taxonomy-eligible. This includes investment property. In addition, properties held are considered to be Taxonomy-aligned where compliance with the technical screening criteria (i.e. the "do no significant harm" criteria) and the minimum safeguards has been demonstrated. To date, no proof of Taxonomy alignment could be provided for 94.7% of property investments. Property, plant and equipment that the Talanx Group acquires as part of infrastructure investments, and loans for which the economic activity that is being financed is known, are assessed internally for Taxonomy eligibility and Taxonomy conformity. The Group has no such data for 3.4% of assets, which therefore could not initially be reported as Taxonomy-eligible or Taxonomy-aligned. Folliowing a reasonable amount of effort it was possible to obtain information on the correct assessment for the remaining 96.6% or so of the total volume of investments considered for the numerator. The Talanx Group is endeavouring to successively increase data quality and data coverage, and expects to see a further improvement in the information base going forward, helped among other things by the ongoing standardisation of reporting and by the extension of the regulatory reporting requirements.

The KPIs for the Taxonomy-eligible and Taxonomy-aligned investments and the other disclosures required can be found in the section entitled "Metrics and targets". Exposures to utilities (subject to reporting requirements), weighted by the proportion of turnover from/investments in energy generation from gas or nuclear processes, are not material for the Talanx Group and the Group therefore does not report these individually in the Notes. The draft Frequently Asked Questions (FAQs) that were published at the end of December 2023 could not be taken into account in full because of the short notice and remaining regulatory uncertainties. Requirements that have not yet been met will be implemented over the course of the year.

The Talanx Group's Taxonomy-aligned investments primarily comprise liquid investments in companies that are covered by NFRD reporting requirements and that publish Taxonomy-aligned turnover and CapEx ratios. In addition, three properties held are included in the Group's Taxonomy-aligned investments. Since the requirement to report on Taxonomy alignment only applies to financial undertakings with effect from the 2023 financial year, the only data available so far for exposures to financial undertakings relates to Taxonomy eligibility. Starting next year, these issuers' Taxonomy alignment will be reflected in the numerator for the KPIs. The Talanx Group's international investment universe naturally leads to a large proportion of its investments being made in issuers that are not covered by the NFRD reporting requirements. In turn, this means that only a small proportion of its investments are Taxonomy-eligible or Taxonomy-aligned. The numerator is broken down to the individual environmental objectives using the value of the Taxonomy-aligned investments as the denominator, since no uniform interpretation exists. It has not been possible to break down the Taxonomy-aligned investments to environmental objectives 1–2[1] in full due to the patchy publication of Taxonomy ratios for the counterparties to date. Since counterparty ratios for environmental objectives 3–6[2] were only reported for the first time this year, liquid investments can only be included starting in the next reporting period. Equally, the "acquisition and ownership of buildings" activity has only been defined for environmental objectives 1–2; as a result, no disclosures on Taxonomy-aligned property, plant and equipment can be made for environmental objectives 3–6.

Retail mortgage loans are also covered by the EU Taxonomy Regulation's Taxonomy eligibility and Taxonomy alignment assessment requirements. It was not possible to assess the Taxonomy alignment of private mortgage loans this year since the data required, and in particular the energy performance certificates for the portfolio of properties that have already been financed, were not available. The relevant volume is EUR 909 million. The data will be captured going forward in the case of new business.

[1] Environmental objective 1: climate change mitigation; environmental objective 2: climate change adaptation.
[2] Environmental objective 3: sustainable use and protection of water and marine resources; environmental objective 4: transition to a circular economy; environmental objective 5: pollution prevention and control; and environmental objective 6: protection and restoration of biodiversity and ecosystems.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852 [1]

Row	Nuclear energy related activities	Yes/No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	No
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

[1] Nuclear and fossil gas related activities that were disclosed by the undertaking as Taxonomy-aligned.

Climate-related and environmental matters in underwriting

GRI 3-3 | 203-2 The Talanx Group's insurance services can have indirect environmental, economic and social 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. By signing up to the UN Principles for Sustainable Insurance (PSI) in May 2020, the Group has committed to continuously improving the sustainability of its insurance business in line with the initiative's four principles. In other words, it aims 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 transformation process, so as to help make progress towards sustainable economic structures (PSI reporting).

This being the case, Group-wide underwriting restrictions have been introduced for thermal coal risks, among other things, mirroring the policy adopted in asset management. 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 risks from its insurance portfolio after 2038. Thermal coal risks comprise mines, coal-fired power plants, and port and rail operations that are attributable solely to the thermal coal industry. This also includes risks relating mixed business activities where the share of revenue attributable to thermal coal exceeds 30%.[1] The Talanx Group stopped insuring newly planned thermal coal risks in April 2019, contributing directly 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 29% compared to 2019.

REDUCTION IN THERMAL COAL RISKS IN UNDERWRITING

Key objectives and measures	2023	2022	2021
Reduction in thermal coal risks held compared to 2019 baseline	−28.65%	−17.70%	−12.64%

TCFD In 2022, the Talanx Group developed a multistage plan that sets out its Group-wide exit from thermal coal by 2038 in greater detail. The plan aims to successively phase out existing thermal coal risks 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 and discuss the companies' transformation potential together, so as to actively contribute to customers' sustainable development.

The first phase, which runs from 2023 to 2025, focuses on thermal coal risks relating either to power plant coal producers extracting more than 100 million tonnes of thermal coal per year or coal-fired power plant operators with a total installed capacity of 25 gigawatts or more. Where no reduction to below the above-mentioned thresholds takes place, the risks concerned will be excluded from insurance cover by the end of the phase. In the next phase, the thresholds will be tightened to a maximum of 50 million tonnes for thermal coal extraction and 10 gigawatts for coal-fired power generation in the period up to the end of 2029. Where electricity is generated from a mix of energy sources, the share of revenue attributable to thermal coal may not exceed 10%, and the total amount may not exceed 10 gigawatts. The third phase requires a reduction to below the thresholds of 20 million tonnes and 5 gigawatts respectively (10% and 5 gigawatts in the case of an energy mix) by the end of 2037 at the latest. Where risks do not meet these criteria, the Group will shed its holdings from 2036 onwards. By the end of 2038 at the latest, all thermal coal risks – regardless of whether or not these are affected by the thresholds –

[1] The exclusion relates to all primary and facultative reinsurance cover with the exception of motor vehicle and group accident policies.

will have been removed from the insurance portfolio and excluded from the insurance business.

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 shift away from thermal coal.

In addition to its restrictive underwriting policy for thermal coal risks, the Talanx Group is increasingly focusing on restrictions relating to insuring oil and gas projects. The following Group-wide exclusions on an individual risk basis have applied since 1 July 2023: the Talanx Group will not provide insurance cover for new greenfield upstream oil and gas projects. This extended 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 that were not under construction or operation as of 1 July 2023.

The Group had already excluded taking on new risks relating to oil sands, which are particularly harmful for the environment, several years ago and announced that it would reduce existing risks to zero by 2038. During the reporting period, it brought forward the reduction of existing risks to zero to the end of 2025. This relates to all risks with a monetary turnover of 20% or more generated from oil sands extraction and processing.[1]

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 does not accept any new Arctic region oil and gas drilling project policies. The Arctic region is defined as the zone within 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, the Group's main focus is on accelerating the withdrawal from thermal coal and supporting the shift to renewable energy. In line with this, the Talanx Group may make a limited number of exceptions so as to permit insurance of new greenfield gas projects. Any such 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 the 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 excluded underwriting of deep sea mining project risks with effect from 1 July 2023.

The exclusions mentioned in this section 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. Resolutions are incorporated in the underwriting guidelines at the level of the divisions and risk carriers 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 is committed 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. However, in the immediate future, the management approach for the underwriting area 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 its customers and to support them in their sustainable transformation to a low-carbon economy through constructive yet critical dialogue. This shift in the economy to sustainable structures will be driven by innovation. The Talanx Group's engineering insurance operations are constantly

[1] Oil sands extraction and processing comprises the mining of tar sand, refining it to produce synthetic crude and then processing this synthetic crude into oil, plus related pipeline or rail transport.

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 a key renewable energy (re)insurer today. Its insurance portfolio ranges from (onshore and offshore) wind power through photovoltaics, geothermal energy, hydroelectric power and biomass projects down to the expansion of grid and storage capacities. The Talanx Group insures both conventional generation methods and innovations such as floating wind farms and floating photovoltaic plants. In addition, it helps heavy industry customers in their transformation to sustainability by switching to green hydrogen, for example. It does this by providing them with cover for specific transformation risks.

The Group is also active at a political level in order to drive forward the increased use of hydrogen technologies. It has entered into a partnership on this in Poland with the country's Ministry of Climate and Environment. In it, the Talanx Group will analyse and assess the hydrogen industry's expectations in relation to insurers 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 transformation process.

The Talanx Group is also facilitating the shift to sustainable transport by providing risk cover for local public transport. For example, electric battery fires in local public transport vehicles represent a risk for the Group's customers. By providing cover for such risks, the Group is laying the groundwork for expanding the necessary infrastructure. 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.

BESS – storing energy locally to ensure secure supplies

Battery energy storage systems, or BESS, are becoming more and more important as a way of storing the electricity generated by wind farms and photovoltaic plants. BESS are generally installed in containers near the renewable energy generation systems. They are needed to balance power grids and smooth variations in supply during less sunny and less windy periods, and hence make a real contribution to the shift to green energy. Insurance products can help by providing cover for this critical infrastructure against fire or outages.

Industrial Lines already insures BESS in a number of countries around the world. In addition to providing insurance cover, the Group offers customers the opportunity of working together with software supplier Accure. Accure's analysis software uses defined KPIs to generate business intelligence from battery data. It acts as an early warning system for incipient problems with the BESS, allowing risk mitigation measures to be taken.

This offering, which is in line with Industrial Lines' vision of being a "partner in transformation", allows the Talanx Group to provide customers with a twofold benefit: comprehensive insurance cover plus a powerful risk management solution that enables them to operate their energy storage systems safely and efficiently.

> As partner in transformation, we support our customers in their shift to green energy and insure their risks.

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

Energy storage systems stabilise supply fluctuations.

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.

This means that the Talanx Group is suitably positioned to successfully support structural change in the economy by offering relevant risk transfer products and supplementary risk analyses.

TCFD The Group is also continuing to embed sustainability aspects across the entire product offering for 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 European and EU life insurance products includes sustainability goals 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 include sustainability preferences, which are ascertained during the advisory procedure for insurance-based investment products. As regards retirement provision in Germany, 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 base their selection on sustainable funds. "CleverInvest", the unit-linked annuity insurance product, gives customers the option of choosing sustainable funds, among others, while these are all that are offered in the case of "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.

Taxonomy KPIs in underwriting

The EU Taxonomy Regulation represents another relevant transparency criterion for the sustainability of the Talanx Group's insurance portfolio. However, its definition of insurance activities only includes property/casualty insurance and reinsurance activities, and only refers to the environmental objective of "climate change adaptation". This means that it only takes those lines of insurance into account that explicitly insure climate change risks.

Primary insurance and reinsurance solutions covering climate-related natural hazards such as flood and storm damage can help with climate change adaptation. Offering such primary insurance and reinsurance capacity increases resilience to natural disasters by providing cover to those affected and compensating them if they suffer losses. In addition, primary insurance and reinsurance offerings ensure that large projects can be continued and new technology can be developed, and hence sustainably promote economic growth.

The Talanx Group's many years' experience of risk assessment and risk management help to identify new and future risks at an early stage, and to develop suitable risk transfer solutions.

The Taxonomy eligibility of primary insurance and reinsurance activities determines the proportion of economic activities described in the Taxonomy and the economic activities for which technical screening criteria have been developed. These criteria determine the material contribution to the environmental objectives set, prevent a negative impact on the environmental objectives and aim to ensure that the minimum safeguards are complied with. The proportions of economic activities determined by applying the screening criteria are Taxonomy-aligned and are required to be reported for the first time in the 2023 financial year. However, since full reporting only started in the reporting period, the informative value of the KPIs is considered to be too low at present for them to be used as a management tool in decision-making and product development processes.

The EU Taxonomy Regulation and the Delegated Acts that build on it contain requirements and passages that make unambiguous, uniform interpretation and implementation difficult. When applying the full criteria developed for primary insurance and reinsurance undertakings for the first time, the Talanx Group took into account all official documents, FAQs and statements by the European Commission published in the period up to the preparation of the reporting, with the exception of the draft FAQs that were published at the end of 2023, which could not be implemented in full. For example, no weighted average of the KPIs from underwriting has been disclosed as yet. The Talanx Group will address the new requirements in depth in the course of the current financial year. Due to this and to remaining uncertainties as to how the requirements are to be interpreted, it is to be expected that the assessment of the disclosures in accordance with Article 8 of the EU Taxonomy Regulation – and especially the assessment of Taxonomy eligibility and Taxonomy alignment – will be successively adjusted over time, and that sector comparability will only emerge gradually. What is more, as a primary insurance and reinsurance undertaking, the Talanx Group relies for an adequate evaluation of its Taxonomy alignment on large amounts of external data from its customers and business partners, a large proportion of which are not covered by European reporting requirements. In this context, substantial gaps in the data provided in connection with "do no significant harm" ("DNSH") information must be expected in some cases in the initial reporting periods. Additional information on the conservative treatment of these data gaps can be found in the descriptions concerned.

In its primary insurance and reinsurance business, the Talanx Group considers all turnover from Solvency 2 lines of business described in Delegated Act (EU) 2021/2139 as Taxonomy-eligible in those cases in which direct cover of climate-related natural hazards can be evidenced. Such evidence is provided on the one hand by internal risk monitoring and on the other by concrete proof of a corresponding contract from the identified business area. In the absence of any additional information from the legislators, the Talanx Group classifies all other business areas that do not contain any direct climate-related cover, or that are not described in Delegated Act (EU) 2021/2139, as Taxonomy-non-eligible.

This comprises the following products:

(a) medical expense insurance
(b) income protection insurance
(c) workers' compensation insurance
(d) motor vehicle liability insurance
(e) other motor vehicle insurance
(f) marine, aviation and transport insurance
(g) fire and other damage to property insurance
(h) assistance

Taxonomy alignment is shown by demonstrating compliance with the technical screening criteria designed to ensure the significant contribution made by reinsurance (economic activity 10.2; NACE code K65.2.0) and primary insurance (economic activity 10.1; NACE code K65.1.2) to the "climate change adaptation" environmental objective. After this, it must be shown that these activities do not negatively impact the "climate change mitigation" environmental objective and that the minimum safeguards criteria are met.

Delegated Act (EU) 2021/2139 sets out five dedicated technical screening criteria for reinsurance undertakings. These reflect business practices and processes that are considered by the legislature to be preconditions for being able to declare sustainable turnover within the meaning of the EU Taxonomy.

The Talanx Group's reinsurance activities use state-of-the-art modelling techniques for climate-related natural hazards. Please see the risk report for the Reinsurance Division (Hannover Rück SE's annual report) for further information on how Talanx handles these risks.

The Group has put processes in place to ensure that material customer needs with respect to climate-related natural hazards are taken into account in reinsurance products. These products use risk-based pricing, which means that preventive measures taken to minimise the risks concerned (e.g. compliance with certain building standards) can be taken into account during pricing. In the case of obligatory reinsurance, only the proportion of portfolio premiums that complies with the technical screening criteria is disclosed as Taxonomy-aligned.

The Talanx Group supports the development of innovative reinsurance solutions for climate-related natural hazards so as to accommodate customers' and society's growing needs in this area. These products use risk-based pricing, which means that preventive measures taken to minimise the risks concerned (e.g. compliance with certain building standards) can be taken into account during pricing.

Compliance with the technical screening criteria for the reinsurance business can be ensured using standardised processes, work instructions and guidelines. These apply to all reinsurance products (in both the obligatory and the facultative areas) that are considered in principle to be Taxonomy-eligible and for which a Talanx Group company serves as the risk carrier. When establishing the premiums for Taxonomy-aligned products, the Talanx Group uses its internal underwriting risk and classification processes and only takes into account those proportions of reinsurance products that explicitly cover the climate change-related hazards set out in Appendix A of Delegated Climate Act (EU) 2021/2139. These include wind-related natural hazards such as storms, water-related natural hazards such as floods and heavy precipitation, and temperature-related natural hazards such as heat waves and wildfires. Consequently, the turnover reported as Taxonomy-aligned in line with this method materially contributes to adapting to the dangers of climate change.

In the case of primary insurance undertakings, the Delegated Climate Act sets out the following five dedicated technical screening criteria:

A pioneering role in modelling and pricing climate risk: The Talanx Group's primary insurance activities use state-of-the-art modelling techniques for climate-related natural hazards. Please see the Talanx Group's risk report for further information on how Talanx handles these risks.

Product design: In the case of its Taxonomy-aligned products, the Talanx Group offers either reduced premiums or extended insurance cover where specific preventive measures are taken. This is designed to enable customers to better assess and reduce climate-related risks and occurs at least once a year in direct discussions between the underwriter and the customer.

Innovative insurance solutions: The Talanx Group's Taxonomy-aligned products are designed to provide policyholders with end-to-end insurance protection. If a climate-related loss event occurs, the ensuing costs are borne.

Data sharing: The Talanx Group is in regular contact with government authorities and shares data if requested for the purposes of analysis, so as to promote knowledge-building about changes caused by climate change. This fully complies with the requirements of technical screening criterion 4.1.

High service levels following catastrophes: The Talanx Group has implemented strict standards for handling large loss events stemming from climate-related natural hazards, and supports its customers swiftly and fairly.

Within Primary Insurance, which is strategically heterogeneous, a questionnaire process has been used to survey all material relevant non-life insurance products that provide cover for climate hazards, so as to establish whether they and the turnover associated with them are Taxonomy-aligned. The results of this analysis revealed that only a small proportion of products could be classified as Taxonomy-aligned. Certain products can also be classified as Taxonomy-aligned because HDI Risk Consulting GmbH provides Industrial Lines customers with consulting on risk minimisation options for reducing climate change risk. Since April 2024, HDI Risk Consulting GmbH's Climate Risk Reporting service has offered Industrial Lines customers the opportunity to analyse a variety of physical climate risks for their locations, to assess these risks in light of the EU Taxonomy and to identify measures for mitigation.

To be able to disclose economic activities as sustainable within the meaning of the EU Taxonomy it must first be ensured that they do no significant harm to environmental objectives. In the case of primary insurance and reinsurance activities, this proof must be provided for environmental objective 1, "climate change mitigation". This means that activities that have been disclosed as sustainable do not involve either the transfer of insurance for the extraction, storage, transport or manufacture of fossil fuels or the transfer of insurance for vehicles, property, plant and equipment, or other facilities and assets serving this purpose.

The Talanx Group has put processes in place to ensure that turnover that has been disclosed as Taxonomy-aligned does not contain any cover relating to fossil fuels as shown above. The Group depends on data supplied by its customers and brokers to identify such coverage in its obligatory reinsurance activities (providing cover for large portfolios), and actively requests this information from them. Data gaps, which are significant in some cases, existed in the reporting period. The Talanx Group takes a conservative approach and reports portfolios for which no information is available as Taxonomy-non-aligned. Increasing data coverage can be expected to influence the ratio of Taxonomy-aligned turnover disclosed in the coming years.

The Talanx Group is able to use its internal sector classification system for commercial customers when identifying turnover in its primary insurance activities so as to ensure that significant harm is avoided.

Economic activities that are to be disclosed as Taxonomy-aligned must be performed in compliance with the minimum safeguards criteria. In the absence of additional details on this topic from the European Commission, the Talanx Group bases its assessment on the recommendations contained in the Final Report on Minimum Safeguards published by the Platform on Sustainable Finance (PSF) in October 2022. This highlights the following four core topics that companies should take into account:

- human rights
- bribery/corruption
- fair taxation
- fair competition

The Talanx Group has implemented processes to ensure that it complies with all four core topics in its business activities. It is not aware of any incidents or pending proceedings for the reporting period that led it to expect a breach of the minimum safeguards.

The Taxonomy KPIs for reinsurance for the 2023 financial year contain information on the Taxonomy-eligible and Taxonomy-aligned turnover from economic activity 10.2 Reinsurance (NACE code K65.2.0).

The Taxonomy KPIs for primary insurance for the 2023 financial year contain information on the Taxonomy-eligible and Taxonomy-aligned turnover from economic activity 10.1 Non-life insurance (NACE code K65.1.2).

The mandatory template for (re-) insurance undertakings contained in Annex X of Delegated Act (EU) 2021/2178 was used to declare the turnover. The Talanx Group has not supplied any prior-year figures because the disclosures on Taxonomy alignment were determined for the first time. Equally, no prior-year figures have been disclosed for Taxonomy eligibility, since this was the first reporting period in which its revenue had to be reported in accordance with IFRS 17.

In line with the European Commission's draft FAQs, which were published on 21 December 2023, the Talanx Group is only disclosing those reinsurance premiums as Taxonomy-aligned that demonstrably serve to provide concrete cover for climate-related natural hazards (premium split).

In the primary insurance area, it was also possible at short notice to use information from natural hazards pricing and loss data to report that portion of the premiums that can be demonstrably and concretely allocated to cover for natural hazards (premium split). Following the premium split, the Talanx Group reports the "Named Perils" and "All Risk" products, for which HDI Global SE is the risk carrier, as Taxonomy-aligned. Ceded Taxonomy-aligned amounts are reported on the basis of their proportion of total insurance revenue. This calculation will be further refined in the coming financial year and extended to include additional risk carriers.

In the case of both primary insurance and reinsurance, revenue identified as relating to fossil fuels is deducted from this revenue. The Taxonomy ratio represents the ratio of Taxonomy-aligned turnover (numerator) to total turnover for the non-life business (denominator).

The informative value of the Taxonomy alignment KPIs for the products from the Talanx Group, as an insurance undertaking, that are determined using this regulatory methodology is highly limited, especially in comparison to other sectors, and in no way reflects the Talanx Group's sustainability credentials.

The Talanx Group is monitoring developments relating to Taxonomy reporting and will take them into account as it extends and enhances its reporting.

Climate action and environmental protection in the enterprise

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

GRI 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 28,000 employees at its locations around the world, and they consume energy and materials, take business trips or engage in mobile working. 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.

34%

REDUCTION IN CARBON EMISSIONS

Reduction of GHG emissions of own operations for the Group not including the Hannover Re Group by 34% compared to 2019 baseline.

Consequently, the Talanx Group is working systematically to implement its two main environmental objectives in its operations as well. These are:

- To remain carbon-neutral (including offsetting of residual emissions) in Germany, where more than 38% of the Group's staff are employed and
- To achieve net zero emissions (Scope 1, 2 and 3 including offsetting of residual emissions) at an operational level throughout the Group by 2030 at the latest

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 residual emissions in Germany using emission reduction certificates. In addition, it attempts to use water and paper responsibly, and to reduce waste.

The Talanx Group follows ISO 14064, the international greenhouse gas (GHG) standard. It built on this systematically in the 2023 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 the 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. Similarly, the data centre and remote working categories were added to Scope 3 in Germany in 2022 and expanded to cover the international units in the 2023 reporting period. In addition, the 2023 emissions figures include emissions data for the activities in Brazil and Türkiye that were acquired in the 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)

GRI 305-1 | 305-2 | 305-3 | 305-4 | 305-5 | TCFD Total emissions for the Group not including the Hannover Re Group amounted to 31,187 metric tons (tonnes) of CO_2 equivalents (tCO_2e) in 2023; this corresponds to a drop by 34% compared to 2019. More specifically, 8,821 tonnes of this figure related to Scope 1 emissions and 9,739 tonnes to Scope 2 emissions (market-based). Total Scope 3 emissions amounted to 12,627 tonnes. The bases for the 2019 and 2022 reporting periods were adjusted to 47,196 tCO_2e and 30,714 tCO_2e respectively due to better-quality data and adjustments made to the emissions factors for air travel. The fact that last year's reduction in emissions compared to 2019 has largely been maintained points to longterm 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.

In addition, the 2025 target of German operations achieving a 25% cut in their Scope 1 and Scope 2 carbon emissions compared with the 2019 baseline was met ahead of schedule in the reporting period. The 38% reduction that was achieved compared to the baseline year underscores the continuous efforts being made to shrink the Group's environmental footprint. This success is the result of dedicated efforts to embed environmentally friendly practices in business operations and to move forward with the Group's sustainability strategy.

GREENHOUSE GAS EMISSIONS [1, 2, 3, 4, 5]

In tCO_2e (unless otherwise stated)	Change year-on-year	2023	2022	2019
Total GHG emissions (market-based) [5]	**1.5%**	**31,187**	**30,714**	**47,196**
Market-based emissions from energy consumption in buildings	–6.2%	10,973	11,704	20,826
Emissions from business travel	43.9%	7,889	5,483	6,897
Scope 1, direct GHG emissions	**2.8%**	**8,821**	**8,579**	**11,425**
Natural gas consumption	–18.9%	1,232	1,519	4,510
Liquid fossil fuels	–97.6%	3	111	148
Own/leased vehicles	9.2%	7,587	6,949	6,767
Scope 2, indirect GHG emissions (location-based)	**0.9%**	**11,860**	**11,758**	**19,499**
Scope 2, indirect GHG emissions (market-based)	**–3.3%**	**9,739**	**10,074**	**16,168**
Market-based emissions from electricity consumption	–7.1%	5,838	6,287	9,243
District heating and cooling	3.0%	3,901	3,787	6,925
Scope 3, other indirect GHG emissions	**4.7%**	**12,627**	**12,061**	**19,603**
Air travel	50.0%	6,770	4,514	5,197
Rented cars and taxis	–0.2%	707	708	1,515
Rail travel	58.0%	413	261	185
Energy upstream	–41.6%	3,266	5,594	7,261
Paper consumption	–14.0%	558	649	634
Water consumption	–45.4%	59	108	150
Data centre/cloud computing [6]	—	373	—	4,646
Remote working [6]	112.2%	482	227	15
Market-based GHG emissions per employee (Scope 1 + 2)	**–16.9%**	**0.76**	**0.92**	**1.40**
Market-based GHG emissions per employee (Scope 1 + 2 + 3)	**–15.2%**	**1.28**	**1.51**	**2.39**
Total energy consumption in MWh	**–6.5%**	**57,178**	**61,164**	**104,054**
Electricity consumption from non-renewable energy sources in MWh	–11.5%	12,530	14,165	21,377
Electricity consumption from renewable energy sources in MWh	–0.2%	18,225	18,270	24,490
Proportion of electricity consumption from renewable energy sources	2.9 ppts.	59.3%	56.3%	53.4%
Energy from primary energy sources (oil, gas, etc.) in MWh	–23.9%	5,959	7,830	19,921
Delivered heat and cooling in MWh	–2.1%	20,464	20,899	38,267
Energy consumption per employee in MWh	**–21.9%**	**2.35**	**3.01**	**5.27**
Fuel consumption in litres	**6.5%**	**3,066,480**	**2,879,864**	**2,887,761**
Fuel consumption per employee in litres	**–11.1%**	**125.90**	**141.54**	**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 (2023: 24.357, 2022: 20,346, 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.
6 Pre-2023 data apply to Germany only; Germany has used renewable energy as from 2021 and the KPI was expanded to include the international units as from 2023.

One key environmental goal in the Group's own operations is to maintain its commitment to carbon neutrality (including offsetting of residual emissions) in Germany. In 2023, as in the past, Scope 1, Scope 2 and Scope 3 carbon emissions were offset by purchasing and decommissioning high-quality emission reduction certificates.

The carbon certificates come from a project for the reforestation and revegetation of agricultural land in Paraguay, which is being run in cooperation with local cattle breeders. At more than 4,400 hectares, the project is one of the first large privately funded reforestation projects in the South American country and has been certified as complying with the global Verified Carbon Standard since 2022. The Talanx Group has been a partner in the project since 2019, providing both equity and debt capital. In the 2023 reporting period, the first certificates acquired to offset the Group's own emissions were utilised and retired. The Hannover Re Group uses projects in Indonesia and Uganda to offset its emissions.

CARBON OFFSET PORTFOLIO BY PROJECTS AND REGIONS SUPPORTED FOR OWN OPERATIONS IN GERMANY [1]

In tCO_2e (unless otherwise stated)	Latin America	Asia	Other
Agriculture, forestry and other land use (ARR) [2]	9,826	—	—
Percentage of total offsetting (9,826 tCO_2e)	100%	0%	0%

[1] Data do not include the Hannover Re Group.
[2] Afforestation, reforestation and revegetation.

GRI 302-1 | 302-3 | 302-4 Indirect emissions from purchased energy (electricity, district heating and cooling water) are calculated using location- and market-based emission factors supplied by Ecoinvent and the International Energy Authority (IEA). All other emissions are determined on the basis of the conversion factors provided by DEFRA (the UK's Department for Environment, Food & Rural Affairs) and in accordance with DIN EN 16258.

The Talanx Group focuses its efforts to improve its overall energy efficiency 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 systematically reducing its office space. The Group obtains electricity from renewable sources in 16 countries, including Germany. At the end of 2023, 59.3% of its total electricity worldwide was from renewable sources (2022: 56.3%, 2019: 53.4%).

In 2023, the Group continued optimising energy consumption at its locations in Germany and abroad by deploying more efficient lighting and by using energy control systems. Its focus on energy standards in the construction and selection of new office buildings, plus changes to building management systems, 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 the Group's locations in Germany was reduced year-on-year and amounted to 0.15 MWh/m^2 in the reporting period (2022: 0.16 MWh/m^2, 2019: 0.18 MWh/m^2).

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 virtual meetings where possible. The number of flights and other business trips such as rail journeys and trips using rental cars increased year-on-year in 2023, as was to be expected. This was due among other things to the end of the restrictions caused by the COVID-19 pandemic.

DISTANCES TRAVELLED [1, 2, 3, 4]

In km (unless otherwise stated)	Change year-on-year	2023	2022	2019
Total distance travelled	**41.6%**	**52,587,695**	**37,141,974**	**48,994,024**
Total air travel	**47.0%**	**38,112,964**	**25,921,625**	**25,137,504**
Short-haul air travel	22.8%	4,332,627	3,529,216	6,984,630
Medium-haul air travel	37.1%	13,489,933	9,836,527	6,223,184
Long-haul air travel	61.6%	20,290,404	12,555,882	11,929,690
Total train travel	**42.4%**	**11,390,089**	**7,998,124**	**17,158,068**
Total car travel	**–4.3%**	**3,084,642**	**3,222,226**	**6,698,451**
Total distance in km per employee	**18.3%**	**2,159.0**	**1,825.5**	**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 (2023: 24.357, 2022: 20,346, 2019: 19,741).
[3] Rounding differences may occur.
[4] Adjustments to the figures reported for previous years are due to updates to historical data and methodological changes.

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 (including offsetting of residual emissions) by 2030 at the latest by switching its own vehicle fleet over to electric vehicles. The pilot vehicles are being used to gather experience on charging options, including at the various locations, and on how to integrate them in operational processes.

GRI 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	2023	2022	2019
Copying/printing paper consumed in kg	**–15.2%**	**343,721**	**405,569**	**747,816**
Recycled paper in kg	–13.5%	245,251	283,521	—
Paper consumption per employee in kg	**–29.2%**	**14.11**	**19.93**	**37.88**
Water consumption in m³	**–17.0%**	**149,433**	**180,147**	**184,751**
Water consumption per employee in m³	**–30.7%**	**6.14**	**8.85**	**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 (2023: 24,357, 2022: 20,346, 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 include installing tap aerators and water-efficient products as soon as new equipment is required or when facilities are renovated. In 2023, progress was made on installing the internal Leak360 solution at the buildings under the Group's own management. This technology-driven solution enables anomalies in water usage and water damage to be detected and remedied at an early stage. However, the measures that have already been implemented mean that 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	2023	2022	2019
Total waste	**–22.3%**	**1,258**	**1,619**	**2,619**
Recycling	–34.3%	631	961	1,454
Recycling in %	–9.2 ppts.	50.2%	59.4%	55.5%
Energy recovery	26.8%	312	246	472
Composting of natural waste	25.1%	64	51	63
Residual waste (non-IT)	–30.7%	250	360	612
Electronic waste (small and large electronic devices)	–66.3%	0.3	0.8	2.0
Hazardous waste	95.0%	1.2	0.6	15.0
Waste per employee	**–23.3%**	**0.14**	**0.18**	**0.28**

[1] Data do not include the Hannover Re Group.
[2] Information per employee based on active core employees in Germany not including the Hannover Re Group (2023: 8,982, 2022: 8,865, 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 eliminated all plastic cutlery, straws and bags, and all disposable cups from its catering facilities and kitchens with cleaning facilities in Germany (not including the Hannover Re Group) and has replaced them with reusable alternatives. For example, plastic packaging is being replaced by reusable 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 and indicators for the Group, plus corresponding processes that will permit concrete management approaches for investment and insurance portfolios in line with the Paris Agreement's climate goals.

Material changes in the KPIs year-on-year are primarily due to the fact that the Taxonomy information reported by issuers in the asset management area made it possible for the first time to assess whether investments are Taxonomy-aligned. The Talanx Group assumes that the KPIs will continue to evolve in future reporting periods as more data becomes available.

The informative value of the Taxonomy alignment KPIs for the products from the Talanx Group, as an insurance undertaking, that are determined using this regulatory methodology is highly limited, especially in comparison to other sectors, and in no way reflects the Talanx Group's sustainability credentials.

The Talanx Group is monitoring developments relating to Taxonomy reporting and will take action where changes are made.

Due to the regulatory requirements governing how the KPIs are to be reported for financial year 2023, the information on Taxonomy alignment and Taxonomy eligibility relates to that portion of turnover and capital expenses (capex) that is generated from Taxonomy-aligned, Taxonomy-eligible and Taxonomy-non-eligible issuer activities.

At the investment strategy level, issuers' Taxonomy KPIs are taken into account during analysis. The Taxonomy Regulation has not yet had a strategic impact on the product design process.

GOALS AND MEASURES: CLIMATE-RELATED AND ENVIRONMENTAL MATTERS

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Climate-related and environmental matters in asset management	Net zero emissions by 2050	Reduce carbon intensity of liquid investments (Scope 1 and 2) by 30% compared to 2019 baseline	Group-wide	–34%	–20%	–15%
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 11.3 billion[1]	EUR 7.9 billion	EUR 7.2 billion
		ESG screening of investment portfolio	Group-wide	Ongoing	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	Ongoing
		Exit greenfield Arctic drilling: no investments in companies that generate 10% or more of their revenue from offshore oil and gas extraction within the Arctic Circle (66° 34' N)	Group-wide	Introduced	–	–
Climate-related and environmental matters in underwriting	Net zero emissions by 2050	Reduce carbon intensity	Group-wide	Ongoing	Ongoing	Ongoing
		Exit thermal coal by 2038: reduce thermal coal risks compared to 2019 baseline	Group-wide	Ongoing	Ongoing	Ongoing
		ESG screening of insurance portfolio	Group-wide	Ongoing	Ongoing	Ongoing
		Increase premium volume for renewable energies and green technologies	Group-wide	Ongoing	Ongoing	Ongoing
		Restrict oil and gas extraction project insurance	Group-wide	Introduced	–	–
		Exclude insurance solutions for deep sea mining projects	Group-wide	Introduced	–	–
	Expand sustainable insurance solutions	Expand sustainable insurance solutions to mitigate the consequences of natural disasters	Group-wide	Ongoing	Ongoing	Ongoing
		Support the global shift to green energy by providing insurance for renewable energies and technologies	Group-wide	Ongoing	Ongoing	Ongoing
Operations	Net zero emissions by 2030 (including offsetting of residual emissions)	Reduce GHG emissions compared to 2019	Group-wide[2]	–34%	–35%	–35%
		Optimise energy consumption	Group-wide	Ongoing	Ongoing	Ongoing
		Increase use of renewable energy sources	Group-wide	Ongoing	Ongoing	Ongoing

[1] The target was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; adjusted for a change in the methodology, the volume would also be above the 2025 target figure, at EUR 9.5 billion.
[2] Not including the Hannover Re Group.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852[1]

	%		EUR
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, Taxonomy-aligned economic activities with following weights for investments in undertakings per below:	
Turnover-based:	0.86	Turnover-based:	845,973,740
Capital expenditures-based:	1.45	Capital expenditures-based:	1,432,766,960
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio:	100.00	Coverage:	98,880,731,895
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.	0.42	The value in monetary amounts of derivatives.	414,772,894
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	32.79	For non-financial undertakings:	32,420,173,323
For financial undertakings:	36.07	For financial undertakings:	35,670,400,823
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	28.77	For non-financial undertakings:	28,448,072,266
For financial undertakings:	20.72	For financial undertakings:	20,487,028,026
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	5.62	For non-financial undertakings:	5,555,644,537
For financial undertakings:	15.48	For financial undertakings:	15,310,269,468
The proportion of exposures to other counterparties over total assets covered by the KPI:	9.62	Value of exposures to other counterparties:	9,509,470,850
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	87.38	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	86,402,684,924
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:		Value of all the investments that are funding economic activities that are not Taxonomy-eligible:	
Turnover-based:	17.13	Turnover-based:	16,933,778,785
Capital expenditures-based:	19.39	Capital expenditures-based:	19,168,683,270
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:	
Turnover-based:	12.74	Turnover-based:	12,595,632,331
Capital expenditures-based:	9.88	Capital expenditures-based:	9,773,934,625

[1] The proportion of assets of the insurance or reinsurance undertaking that are directed at funding, or are associated with, Taxonomy-aligned economic activities relative to the total assets.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852[1]

	%		EUR
Additional, complementary disclosures: breakdown of numerator of the KPI			
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based:	0.52	Turnover-based:	518,128,587
Capital expenditures-based:	1.12	Capital expenditures-based:	1,104,921,807
For financial undertakings:		For financial undertakings:	
Turnover-based:	0.00	Turnover-based:	0
Capital expenditures-based:	0.00	Capital expenditures-based:	0
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based:	0.86	Turnover-based:	845,973,740
Capital expenditures-based:	1.45	Capital expenditures-based:	1,432,766,960
The proportion of Taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI:	
Turnover-based:	0.33	Turnover-based:	327,845,153
Capital expenditures-based:	0.33	Capital expenditures-based:	327,845,153

Taxonomy-aligned activities – provided "do-not-significant-harm" (DNSH) and social safeguards positive assessment:		%		Turnover %	CapEx %
(1) Climate change mitigation	Turnover:	94.80	Transitional activities:	3.78	0.63
	CapEx:	66.36	Enabling activities:	24.00	12.05
(2) Climate change adaptation	Turnover:	0.16			
	CapEx:	27.56	Enabling activities:	0.06	4.62
(3) The sustainable use and protection of water and marine resources	Turnover:				
	CapEx:		Enabling activities:		
(4) The transition to a circular economy	Turnover:				
	CapEx:		Enabling activities:		
(5) Pollution prevention and control	Turnover:				
	CapEx:		Enabling activities:		
(6) The protection and restoration of biodiversity and ecosystems	Turnover:				
	CapEx:		Enabling activities:		

[1] The proportion of assets of the insurance or reinsurance undertaking that are directed at funding, or are associated with, Taxonomy-aligned economic activities relative to the total assets.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852[1]

	Substantial contribution to climate change adaptation		DNSH (do no significant harm)						
Economic activities	Absolute premiums	Proportion of premiums	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	EUR thousand	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
A.1 Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	1,179,053.90	3.53	Yes	Yes	Yes	Yes	Yes	Yes
A.1.1 Of which reinsured	476,004.61	1.42	Yes	Yes	Yes	Yes	Yes	Yes
A.1.2 Of which stemming from reinsurance activity	1,020,691.76	3.05	Yes	Yes	Yes	Yes	Yes	Yes
A.1.2.1 Of which reinsured (retrocession)	440,825.77	1.32	Yes	Yes	Yes	Yes	Yes	Yes
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	19,700,009.75	58.95						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	12,537,237.22	37.52						
Total (A.1 + A.2 + B)	**33,416,300.86**	**100.00**						

[1] The underwriting KPI for non-life and reinsurance undertakings.

Social Matters

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Social Matters

Social matters in asset management and underwriting

As a listed enterprise with roughly 28,000 employees serving customers in more than 175 countries around the world, the Talanx Group takes its social responsibilities seriously. This is why it also takes social aspects into account in its asset management and underwriting decisions.

For example, compliance with social standards and principles has been stipulated throughout the Group as a key filter for the ESG screening performed in the asset management area. In addition to complying with the social criteria set out in the UN Global Compact, the Talanx Group has systematically expanded its filter catalogue to include international social standards such as the conventions drawn up by the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Investments in companies involved in controversial weapons (anti-personnel mines, chemical and biological weapons, cluster munitions, weapons and munitions with enriched uranium and weapons and munitions with white phosphorus) 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 in those cases in which 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's sustainable investments totalling EUR 11.3 billion also include finance for public infrastructure projects (such as hospitals and educational institutions). In addition, the Group invests in social bonds pursuant to the standard set out by the International Capital Market Association (ICMA). This illustrates the social dimension to the Talanx Group's investment policy.

After financing new trams in Rostock in 2022, the Group continued to act as a partner for sustainable public infrastructure modernisation by investing in similar projects in 2023, in line with its social focus area of "Promoting access to infrastructure". For example, since mid-2023, Talanx has participated in investments at NS Groep N.V., the Dutch state railway company, that are designed to expand public rail passenger transport. (Full speed ahead for a green network). By providing this sort of long-term finance, the Talanx Group is helping to facilitate efficient, emissions-saving public transport and hence to support mobility solutions as part of the shift to sustainable transport. All in all, the Group continued to confirm its sustainable and responsible investment policy in accordance with ESG criteria in 2023.

Social aspects are also playing an increasing role in product development in the third-party asset management business. For example, investment selection for the Ampega terrAssisi funds applies the Franciscans' ethical principles in addition to the fundamental exclusions already mentioned. In line with this, the investment criteria give equal weight to economic aspects and social, cultural and environmental aspects.

Social aspects are highly important for the Talanx Group in underwriting, 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. The range of products offered in primary insurance covers all existential risks for retail and commercial customers, while reinsurance enables other insurance companies around the world to also offer such products.

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

In recognition of the rights of indigenous peoples, the Group decided during the reporting period that it will not support new projects if it receives knowledge in advance that these projects did not obtain the free, prior and informed consent (FPIC) of impacted indigenous peoples.

Social aspects are also increasingly being incorporated into concrete solutions for products. For example, in life/health reinsurance, the Group is addressing the trend towards higher life expectancy and is supporting the development of innovative annuity products that are tailored to end customers' needs. In Germany, new essential abilities policies were introduced in the area of biometric risks products. Both term life insurance and occupational disability insurance have had a firm place in the Group's product portfolio for many years. What is more, by providing insurance solutions such as agricultural insurance and microinsurance, the Group 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 among other areas, by protecting customers against financial risks and supplementing or in some cases offering alternatives to public sector social security systems. In particular, the Group's life insurance products help relieve the pressure on social security systems.

The exclusions listed in this section apply to all risk carrier and companies belonging to the Group over which the Talanx Group exercises control. The Hannover Re Group applies the restrictions to its facultative division.

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.

Social commitment was not classified 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 2022 created a uniform framework for the Group's social responsibility activities, which are generally organised at local level, and embedded this in the Group strategy (Business Model and Strategy).

As a result, projects addressing "ensuring access to education", "diversity, equity and inclusion" and the "employee journey" are 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 that are active in insurance-related areas at nine universities and institutions of higher education. Since 2023, the Talanx Group in Germany has also offered its own development programme for internal student employees and interns. In addition, the Talanx Group has a number of country-specific programmes designed to support students, such as its "WIR" scholarship in Germany, cooperation with a number of universities in Chile, and 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 partnership was extended in the reporting period to include a doctoral programme.

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. In Chile, a project together with the Christo Vive Foundation trains young people how to repair cars, preparing them for the world of work. In the Netherlands, the JINC project supports children by letting them try out different professions and providing training and coaching for job interviews. The aim is to give them fair access to the labour market later on.

Other examples of projects include assistance with building the Centro Morel – Club de Niños y CAIF educational centre in Uruguay and the donations in kind, such as retired computers, that are made to schools in Chile.

Employee 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.

Diversity, equity and inclusion (outside the Group)

The Talanx Group's human resources strategy focuses on diversity, equity and inclusion (DE&I) within the Group. However, the Group supports these topics above and beyond its own staff and the measures listed in the Diversity, equity & inclusion subsection of the "Employee matters" section. Activities include both projects that support diversity, equity and inclusion overall, such as participation in Cologne's Christopher Street Day (CSD), and projects supporting individual aspects of DE&I. Particularly important here are equal opportunities activities focusing on women and children.

For example, the Group's entity in the Netherlands supports women by sponsoring the Empower Women Event. Examples of how equal opportunities for children are promoted are the Italian project Albero della Vita, which aims to ensure kids grow up in the best possible conditions. The Group's Italian unit made a donation to the Special Olympics and the Filo project, which promotes the inclusion of people with disabilities in sports. In Brazil, support is provided for Fumcad. Instituto Vocação, which works to protect and defend children's rights. In Germany, among other things, a donation was made to the Joey Kelly Challenge 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 disabilities to be independent.

Talanx Group provides active assistance after earthquake in Türkiye

Two earthquakes measuring 7.8 and 7.7 shook south and central Türkiye on 6 February 2023, killing tens of thousands of people. Widespread damage impeded emergency aid and assistance operations. Among other things, more than 2 million buildings and three million vehicles in 11 Turkish provinces were damaged. Over 141,000 people from 94 countries took part in the rescue efforts.

The Talanx Group was also involved: in addition to providing financial assistance, HDI Sigorta's head office in Istanbul collected large volumes of humanitarian aid and transported it to the region hit by the quake. The shipments provided victims with clothes, heating units, blankets, babies' nappies, power banks, dried food, and other necessary items. The company's Istanbul's office also organised a blood and stem cell donation drive to help meet the needs of the Turkish Red Crescent (Kizilay) given the pressing need for banked blood in the earthquake region.

Policyholders who suffered losses as a result of the earthquake also received rapid, unbureaucratic support. The company deployed five new vehicles to act as mobile offices on the ground. As a result, a total of 15 staff were able to work continuously for a month in the quake-hit regions to record victims' claims. In parallel, a hotline was set up that allowed customers to report losses easily. The team in Türkiye proved it can set up new processes quickly in a challenging situation – a real #together story.

> By working together, we were able to help a large number of earthquake victims in Türkiye quickly and unbureaucratically in many different ways. I would like to thank everyone who contributed to this.

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

New vehicles were used as mobile offices for first notice of loss capture in the affected area.

Employee matters

GRI 3-3 As Germany's third-largest insurance group with business ties in more than 175 countries, the Talanx Group is an important employer and provider of vocational training and continuous professional development, and hence has an impact on society.

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 goals, thus demonstrating its Purpose; "Together we take care of the unexpected and foster entrepreneurship".

Group Board of Management member Caroline Schlienkamp has been Director of Labour Relations, and hence responsible for Group People & Culture, since 1 July 2022. People management is a focus topic in the Group's strategy and is also closely integrated with the sustainability strategy's social focus via the "diversity, equity and inclusion", "employee journey" and "ensuring access to education" focus areas.

The "HDI.X" people management strategy that was developed as part of the 2025 Group strategy was announced at the beginning of 2023, and was implemented by Group People & Culture using a number of flanking measures. These form a four-pronged strategic approach: "Hire", "Develop", "Inspire" and "Xperience". The measures aim to attract committed staff to the HDI Group [1] and to retain them once they are there. Another key area of emphasis is on the central provision of a professional and personal employee development offering.

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

Xperience Culture: strategic measures for embedding corporate culture

Companies that want to remain fit for the future in an ever-more dynamic world, and to retain their employees for the long term, must maintain and enhance their corporate culture. This is why the Talanx Group has introduced three new formats for embedding its culture: its global Culture Days, a Culture Summit and the international Culture Hub. All three are designed to raise awareness of the cultural transformation and promote dialogue.

The Culture Days aim to allow staff to experience the Group's corporate culture first-hand and let them participate in the process of ongoing cultural change. The focus is on digital offerings on core topics relating to cultural change and on local measures, reflecting the Group's decentralised approach.

The kick-off Culture Summit in Berlin was attended by corporate culture drivers from all divisions and different countries, who met to discuss relevant transformation issues together. The focus was on networking, on providing stimulating ideas and on learning together.

The Culture Hub brings the events together, with experts from all areas of the Group meeting once a quarter to develop event topics and approaches.

More than 3,000 members of staff took part in the events in the course of the last year, and a large number of additional ones are also planned for 2024.

> Making our workplaces somewhere where everyone can contribute their all will produce the best results in the end.

Caroline Schlienkamp,
Talanx AG Board of Management member, Director of Labour Relations and responsible for Group People & Culture

The HDI Culture Summit with Caroline Schlienkamp.

One particular area of human resources work in the reporting period was on continuing to press ahead with the process of cultural change together with employees. A trio of formats has been developed to systematically embed this culture in the enterprise: the Culture Days, the Culture Summit and the International Culture Hub (Xperience Culture).

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).

Talanx as an employer

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 but excluding inactive employment relationships; the total figure according to this method was 27,863 (2022: 23,669, 2021: 23,136). 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 KPIs relate to the figure of 28,182 staff (2022: 23,925, 2021: 23,424).

TOTAL EMPLOYEES

			Number
	2023	2022	2021
Active core workers	27,388	23,166	22,606
Active casual workers	475	503	530
Active core workers plus casual workers	27,863	23,669	23,136
Core workers in inactive employment relationships	794	759	818
Active core workers plus core workers in inactive employment relationships[1]	28,182	23,925	23,424

[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.

WORKFORCE IN GERMANY/REST OF WORLD[1, 2]

			Number			%
	2023	2022	2021	2023	2022	2021
Germany	10,691	10,460	10,492	37.9	43.7	44.8
Rest of world	17,491	13,465	12,932	62.1	56.3	55.2

[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			%
	2023	2022	2021	2023	2022	2021
Male	13,629	11,788	11,589	48.4	49.3	49.5
Female	14,553	12,137	11,835	51.6	50.7	50.5

[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]

									Gender in % by region			
			Number			%			Male			Female
Region	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Germany	10,691	10,460	10,492	37.9	43.7	44.8	52.6	52.5	52.2	47.4	47.5	47.5
Central and Eastern Europe including Türkiye	4,261	4,255	4,149	15.1	17.8	17.7	43.4	42.1	41.7	56.6	57.9	58.3
South and North America	8,592	4,900	4,618	30.5	20.5	19.7	45.0	48.4	49.0	55.0	51.6	51.0
Rest of Western Europe	3,229	3,030	3,000	11.5	12.7	12.8	51.4	52.0	52.9	48.6	48.0	47.1
Other regions	1,409	1,280	1,165	5.0	5.4	5.0	44.6	43.8	42.8	55.4	56.2	57.2
Total	**28,182**	**23,925**	**23,424**	**100.0**	**100.0**	**100.0**	**48.4**	**49.3**	**49.5**	**51.6**	**50.7**	**50.5**

[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 (GERMANY[1] AND REST OF WORLD[2])[3]

	Number	Male %	Female %	Under 30 %	30–50 %	Over 50 %
2023						
Germany						
Managers	784	73.7	26.3	1.4	58.7	39.9
Employees	8,198	51.3	48.7	10.6	50.3	39.1
Total	**8,982**	**53.2**	**46.8**	**9.8**	**51.0**	**39.2**
Total rest of world	**15,375**	**46.9**	**53.1**	**16.4**	**64.9**	**18.7**
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**

[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 Hannover Re Group).
[2] The percentage distribution was calculated on the basis of data supplied by the foreign companies covered. 2021: excluding France and Switzerland
[3] Rounding differences may occur.

WORKFORCE BY EMPLOYMENT CONTRACT, TYPE OF EMPLOYMENT AND GENDER[1]

	Number			Male			Female		
Employees	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Temporary	894	707	680	421	274	259	473	433	421
Permanent	27,288	23,218	22,744	13,208	11,514	11,330	14,080	11,704	11,414
Full-time	24,771	21,470	20,839	13,090	11,451	11,258	11,681	10,019	9,581
Part-time	3,411	2,455	2,585	539	337	337	2,872	2,118	2,254
Total	**28,182**	**23,925**	**23,424**	**13,629**	**11,788**	**11,589**	**14,553**	**12,137**	**11,835**

[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.

The workforce increased by more than 4,000 year-on-year as a result of the activities that were acquired in Brazil and Türkiye that were acquired in the reporting period.

As shown in the table entitled "Workforce by employment contract, type of employment and gender", 96.8% (2022: 97.0%, 2021: 97.1%) of Talanx Group employees have permanent employment contracts. A total of 12.1% (2022: 10.3%, 2021: 11.0%) of all employees work part-time.

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%. Talanx has expressly set itself the goal of also being an attractive employer as regards inclusion.

GRI 2-30 92.2% (2022: 90.4%, 2021: 90.7%) 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 subsidiary in Italy, while the figures for Brazil, Uruguay, Argentina and Chile are 93%, 95%, 92% and 72% respectively. A full 100% of Industrial Lines' staff in Spain, France and the Netherlands are covered by collective agreements, while the figure for Austria is 99% and that for Belgium is 98%.

Remuneration for the remaining employees is not covered by collective bargaining agreements. In Germany, this largely relates to people who perform special duties or have responsibility for areas for which the requirements are higher than those set out in the highest remuneration group under the collective bargaining agreements.

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 commercial agents working exclusively for HDI. All in all, 375 self-employed commercial agents worked for HDI's tied agent operations as at the 2023 year-end (2022: 344, 2021: 350).

Work-life balance

GRI 401-3 The Talanx Group sets store by a healthy work-life balance.

It aims to create a working environment and working conditions in which everyone can combine a job with a life outside work as a matter of course. A Group works agreement on this subject for the German business units, NewWork@HDI, was developed back in 2021. The agreement sets out the rules for hybrid working and enables an effective blend of mobile and office work.

For many years now, the Talanx Group in Germany has also provided flexible and reliable childcare offerings, among other things. 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. These offerings are regularly reviewed and expanded. In addition, a partner organisation offers staff assistance with home-schooling and (virtual and local) options for vacation and leisure time activities. A pilot project launched in 2022 provides vacation childcare for employees' children at the Group's Hannover location and the services were expanded in 2023. The Talanx Group also works together with another partner organisation to support employees who are having to juggle long-term care for relatives alongside their jobs, or who find that they themselves require care. Our international branches and subsidiaries such as those in Italy, Brazil, Chile, Greece, Japan and Switzerland also provide financial childcare support for parents.

RETURN FROM/RETENTION AFTER PARENTAL LEAVE (ABSOLUTE NUMBERS)[1]

	Germany						Rest of world					
	Male			Female			Male			Female		
Absolute numbers	2023	2022	2021	2023	2022	2021	2023	2022[2]	2021[2]	2023	2022[2]	2021[2]
On parental leave in previous period	204	193	171	306	313	346	72	58	42	326	250	279
Returned to work in the reporting period or planning to return in the following year	200	192	168	291	295	317	70	55	37	225	228	210
Retention rates after parental leave[3]	177	161	147	137	123	130	58	47	37	200	181	154

[1] Data do not include the Hannover Re Group.
[2] 2021 and 2022 reporting periods: no data available for the USA, Italy and Hungary.
[3] Employees who were still employed by the Talanx Group 12 months after their return to work following parental leave..

RETURN FROM/RETENTION AFTER PARENTAL LEAVE (RELATIVE NUMBERS)[1,2]

	Return from parental leave						Retention after parental leave[3]					
	Germany			Rest of world			Germany			Rest of world		
Relative numbers in %	2023	2022	2021	2023	2022[4]	2021[4]	2023	2022	2021	2023	2022[4]	2021[4]
Male	98.0	99.5	98.2	97.2	94.8	88.1	88.7	92.5	93.0	81.7	90.4	92.5
Female	95.1	94.2	91.6	69.0	91.2	75.3	92.7	96.1	90.3	82.3	90.5	90.1
Total	**96.3**	**96.2**	**93.8**	**74.1**	**91.9**	**76.9**	**90.4**	**94.0**	**91.7**	**82.2**	**90.5**	**90.5**

[1] Data do not include the Hannover Re Group.
[2] Rounding differences may occur.
[3] Employees who were still employed by the Talanx Group 12 months after their return to work following parental leave.
[4] 2021 and 2022 reporting periods: no data available for the USA, Italy and Hungary.

Occupational health and safety

The risks of physical injury, accidents and of other health hazards at work are relatively low at Talanx, since the company offers services in the areas of insurance and finance. Nevertheless, 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 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 in Germany 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. The German Health and Safety at Work Act (ASiG) and the accident prevention regulations set out and regulate the statutory minimum standards. The Group's 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 23 accidents at work at the Talanx Group in Germany (not including the Hannover Re Group) in 2023 (2022: 11, 2021: 9), corresponding to an accident at work ratio of approximately 0.24% (2022: 0.1%, 2021: 0.1%). In addition, there were 8 accidents on the way to or from work (2022: 2, 2021: 5), corresponding to a ratio of approximately 0.08% (2022: 0.02%, 2021: 0.1%).

DAYS LOST RATIO (DAYS LOST DUE TO SICKNESS) IN GERMANY[1, 2, 3]

%	2023	2022	2021
Male	4.5	5.1	3.9
Female	7.1	7.4	5.9
Total	**5.6**	**6.2**	**4.8**

1 Not including the Hannover Re Group.
2 Rounding differences may occur.
3 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.

The days lost ratio measured is compared to the industry average, which is based on the figures provided by the employers' association. At 5.6% (2022: 6.2%), the days lost ratio for Talanx employees in Germany (not including the Hannover Re Group) is below the industry average (for 2023) of 6.3%.

GRI 403-5 | 403-6 Employees in Germany can access a wide range of preventive measures as part of the Company's holistic health management programme, allowing them to strengthen their personal resilience. Services range from subsidised preventive health measures through advice on mental well-being down to addiction prevention. The foreign units also provide such offerings: for example, in Poland these include presentations, exercises and other activities relating to mental health, physical activity and a balanced diet.

Additional offerings are being created as part of tried-and-tested projects such as the HDI Health Year or individual health days on different topics. Employees in Germany who find themselves in stressful private, professional or health-related situations can obtain free, anonymous, professional individual counselling from an external service, and can also use a family service.

GRI 403-3 The risks associated with performing certain activities are evaluated on a regular basis. Employees in Germany also receive occupational safety training and are provided with relevant information. This also includes appointing teams of employees in the various buildings who are responsible for taking emergency measures and conducting training exercises (e.g. first aid, 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. At the Talanx Group, individual salaries depend on the function performed and the individual employee's professional qualifications and performance. In addition to assigning positions to the salary bands set out in the collective agreement for the insurance industry in Germany, a uniform, non-employee-specific evaluation of all management positions throughout the Group is performed using the standardised Hay method. The Talanx Group aims 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.

39%

OF EMPLOYEES
in Germany participated in Talanx AG's employee share programme in 2023.

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, Greece, Italy and Mexico.

GRI 401-2 In addition to performance-related pay, flexible working hours and mobile working opportunities, the Talanx Group in Germany offers 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 Retail International's subsidiaries between full-time and part-time employees in the case of voluntary benefits. However, some benefits such as occupational retirement provision are reserved for permanent staff.

In 2023, Talanx Group staff in Germany (not including the Hannover Re Group) had the opportunity to participate in Talanx AG's sixth employee share programme. A total of 39% of employees took up this offer. Once again, employees could choose 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 six years in which the employee share programme has been running in Germany to 1,119,757.

In 2023, all eligible Industrial Lines employees outside Germany had the chance to participate in an international employee share programme for the first time. A total of 22% of employees took up this offer. All in all, 16,206 shares were issued to staff.

GRI 401-1 Staff satisfaction and identification with the enterprise are among the reasons for the moderate employee turnover rate of 7.6% (2022: 8.0%, 2021: 7.8%) and the long average period of 14.8 years that staff in Germany (not including the Hannover Re Group) spend with the Company.

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

	New hires						Departures					
	Number			%[2]			Number			%[3]		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Male	397	331	264	4.4	3.7	2.9	403	428	418	4.3	4.6	4.5
Female	289	261	211	3.2	2.9	2.4	298	308	313	3.2	3.3	3.4
Total	**686**	**592**	**475**	**7.7**	**6.7**	**5.3**	**701**	**736**	**731**	**7.6**	**8.0**	**7.8**
Under 30	243	197	154	2.7	2.2	1.7	113	115	114	1.2	1.2	1.2
30–50	380	349	278	4.3	3.9	3.1	291	290	274	3.1	3.1	2.9
Over 50	63	46	43	0.7	0.5	0.5	297	331	343	3.2	3.6	3.7
Total	**686**	**592**	**475**	**7.7**	**6.7**	**5.3**	**701**	**736**	**731**	**7.6**	**8.0**	**7.8**

[1] Rounding differences may occur.
[2] Figures for Germany (not including the Hannover Re Group) were calculated uniformly using the average headcount not including people in partial retirement (2023: 8,936; 2022: 8,863; 2021: 8,966).
[3] Figures for Germany (not including the Hannover Re Group) were calculated uniformly using the average headcount including people in partial retirement (2023: 9,278; 2022: 9,217; 2021: 9,336).

NEW HIRES AND DEPARTURES BY GENDER AND AGE (REST OF WORLD)[1, 2]

	New hires						Departures					
	Number			%[3]			Number			%[4]		
	2023	2022[3]	2021	2023	2022[3]	2021	2023	2022[3]	2021	2023	2022[3]	2021
Male	896	837	650	9.6	8.3	6.7	716	875	703	7.7	8.6	7.3
Female	871	978	851	9.3	9.6	8.8	805	978	836	8.6	9.6	8.6
Total	**1,767**	**1,815**	**1,501**	**19.0**	**17.9**	**15.5**	**1,521**	**1,853**	**1,539**	**16.3**	**18.3**	**15.9**
Under 30	727	730	656	7.8	7.2	6.8	460	575	571	4.9	5.7	5.9
30–50	918	974	772	9.8	9.6	8.0	857	1,053	808	9.2	10.4	8.3
Over 50	122	111	73	1.3	1.1	0.8	204	225	160	2.2	2.2	1.7
Total	**1,767**	**1,815**	**1,501**	**19.0**	**17.9**	**15.5**	**1,521**	**1,853**	**1,539**	**16.3**	**18.3**	**15.9**

[1] Rounding differences may occur.
[2] 2023 reporting period: excluding data for inflows and outflows in Spain and Türkiye; 2022 reporting period: excluding Switzerland and excluding outflows by gender and age in Chile; 2021 reporting period: excluding data for inflows and outflows in Spain, France and Switzerland, and excluding outflows by gender and age in Türkiye.
[3] Figures for the foreign companies (not including the Hannover Re Group) were calculated uniformly using the average headcount: 2023: 9,324, 2022: 10,145, 2021: 9,691.
[4] The adjustments made to the figures reported for last year are due to updates made to historical data.

Employee recruitment and development

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

GRI 202-2 The local HR units are responsible for implementing recruitment within the Talanx Group. In 2022, a Recruiting Centre was set up in Germany (not including the Hannover Re Group) to optimise and enhance recruitment measures by pooling all recruitment activities including employer branding and sourcing. This speeds up appointment processes and allows them to be tailored to the candidates so as to attract the best candidates to the Group. Within Human Resources, the Recruiting Centre has now restructured itself to mirror the divisions and respond even more effectively to the growing internationalisation of the business. The national/international management of the recruitment process was enhanced in the 2023 reporting period in line with this.

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

Employee recruitment in Germany focuses on customising approaches for specific candidate target groups, expanding social media activity and ensuring attractive employer marketing.

In 2023, social media campaigns were developed as part of the recruiting strategy to specifically raise awareness of career opportunities in the Talanx Group among younger age groups. Sources of information for students include job fairs, site visits and podcasts by former HDI Group students in Germany, among other things.

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 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. University activities such as workshops, specialist presentations and guest lectures are used as flanking measures. A financial support programme specifically for existing student employees and interns was offered for the first time in the reporting period.

The HDI Group in Germany has expanded its initial training offering and now offers nine different degree courses in the areas of business studies, insurance and finance, IT and business information systems, mathematics and IT security. It also provides six vocational training courses in the areas of insurance and finance, IT, media design and catering. A management trainee programme on cyber issues was introduced in 2023, supplementing the existing focus areas of IT, risk management, underwriting, sales and financial control. 2023 saw the launch of the twin-track doctoral programme together with Leibniz University Hannover's House of Insurance. The programme aims to support talented young staff and strengthen Hannover's standing as an (inter)national centre for the insurance industry and insurance science.

YOUNG TALENT IN THE GROUP[1]

	Germany			Rest of world			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Graduate trainees	57	35	50	273	183	165	330	218	215
Vocational trainees	307	287	302	—	—	—	307	287	302
Interns	18	15	14	—	—	—	18	15	14
Casual workers	305	309	264	170	194	266	475	503	530

[1] Covers the entire Talanx Group including the Hannover Re Group.

The success of this dual education and training offering is regularly reflected in the high number of vocational trainees who are taken on permanently after completing their courses. A total of 74% of trainees were given permanent positions in 2023. A further 7% 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 existing long-term commitment to organising responsible, forward-looking training.

High potentials and management positions

Human resources development conferences are used to systematically identify and specifically develop the Group's high-potential employees and managers throughout Germany. The goal is to ensure that internal candidates can be appointed to vacant positions. An annual succession planning exercise for the Board of Management, senior management and key functions enables vacancies to be filled rapidly. 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.

APPOINTMENTS TO MANAGEMENT POSITIONS IN GERMANY[1,2]

	Number			%		
	2023	2022	2021	**2023**	2022	2021
Male	122	86	76	68.2	62.3	71.0
Female	57	52	31	31.8	37.7	29.0
Total	**179**	**138**	**107**	**100.0**	**100.0**	**100.0**
Internal	154	125	83	86.0	90.6	77.6
External	25	13	24	14.0	9.4	22.4
Total	**179**	**138**	**107**	**100.0**	**100.0**	**100.0**

[1] Data do not include the Hannover Re Group.
[2] 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. An external management assessment is performed before senior management positions are filled. This ensures an objective approach is taken to recruiting management staff at all levels.

Employee development

GRI **404-2** 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, e.g. by providing access to external digital platforms. In addition, HDI Group employees have the opportunity to network in and contribute to communities, sharing information about professional topics and their personal interests. Regular learnings days use a variety of different formats to promote fresh insights into the focus issues covered in each case.

777

DAYS

of Bildungsurlaub (paid educational leave) were granted at HDI Group in Germany in 2023.

GRI **404-1** Roughly 136,500 hours of training were documented in Germany in 2023, with male employees accounting for roughly 76,650 hours and female employees for 59,850 hours. Around 13,000 of these documented training hours were attributable to management staff. Roughly 17,100 days of training hours were held in Germany, 9,600 of which were attended by male employees and 7,500 by female employees. Broken down, this corresponds to approximately 13.5 hours of training per person and year that were documented using the learning management system.

Additionally, 334 external qualification measures were completed in the reporting period. The focuses here 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 777 days of Bildungsurlaub (paid educational leave) were granted at the HDI Group in Germany in 2023.

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 (Responsibility to customers). Regular compliance, health and safety, and information security training is mandatory, and all employees are automatically signed up for these courses.

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 specially tailored 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 229 people took part in the development programmes, some of which are aimed at international participants, in 2023.

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
- Induction Programme for New Manager (German/English)
- High-potentials Programme
- Top 11 (career starter programme for former vocational trainees and dual-track degree course students)
- Graduate trainee programmes: IT, risk management, underwriting, sales, financial control and cyber issues
- Female Empowerment Programme

Close attention is paid to empowering talented female staff at both national and international level. In Germany, the Female Empowerment Programme was rolled out to all HDI Group companies in 2023 and will be continued in the coming year. Additional measures are also being taken in particular divisions: for example, Industrial Lines' "Be brave. Be confident. Be you!" initiative is designed to develop female middle managers.

The subsidiaries in the Retail International Division also have a large number of measures in place to empower women; examples include the Women Leadership Program In Brazil and the "Prisma" programme in Mexico, which is aimed at empowering women, among other things.

The multiyear "Together Leadership Journey", a Group-wide leadership initiative that focused on systematically embedding the management principles of transparency, commitment and collaboration, came to an end in 2023. Preparations for its successor format, the "Talanx Executive Campus" are under way and the first day-long workshops will be held in the first half of 2024.

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 %
2023												
Total members of the Board of Management/managing directors[3]	**44**	**4**	**48**	**8.3**	**85**	**19**	**104**	**18.3**	**129**	**23**	**152**	**15.1**
Tier 1 managers	160	33	193	17.1	211	98	309	31.7	371	131	502	26.1
Tier 2 managers	362	127	489	26.0	663	358	1,021	35.1	1,025	485	1,510	32.1
Tier 3 managers	180	91	271	33.6	717	467	1,184	39.4	897	558	1,455	38.4
All managers	**702**	**251**	**953**	**26.3**	**1,591**	**923**	**2,514**	**36.7**	**2,293**	**1,174**	**3,467**	**33.9**
Active staff members not including managers	4,819	4,459	9,278	48.1	6,364	8,280	14,644	56.5	11,183	12,739	23,922	53.3
All active staff members, managers and people in inactive employment relationships[4]	**5,621**	**5,070**	**10,691**	**47.4**	**8,008**	**9,483**	**17,491**	**54.2**	**13,629**	**14,553**	**28,182**	**51.6**
2022												
Total members of the Board of Management/managing directors[3]	**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 directors[3]	**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 relationships[4]	**5,512**	**4,980**	**10,492**	**47.5**	**6,077**	**6,855**	**12,932**	**53.0**	**11,589**	**11,835**	**23,424**	**50.5**

[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. Psychological safety is important to the Group. A number of different formats promote a feedback culture. In Germany, these include "Let's talk" (the annual employee review), the "Feedback Arena" and "LET'S GROW", a participatory development model that enables participants to obtain systematic feedback from colleagues on their own development prospects. Following a successful pilot phase, "LET´S GROW" is now being rolled out throughout Germany. The "Feedback Arena" format is moderated by volunteer coaches and constructively shows feedback recipients both where their strengths lie and where opportunities for improvement exist. In addition, a large number of training courses and e-learning modules on constructive feedback aim to strengthen the Group's feedback culture above and beyond this.

The Group conducted its fifth "Organisational Health Check" (OHC) in 2023. This polls Group employees about their views on the Group's culture and organisation, among other things. The 88% participation rate in 2023 shows that employees are actively taking advantage of the opportunity to provide feedback and hence to influence the corporate culture. The results are then broken down to divisional, departmental and team level and concrete measures are derived from them. Teams can use an OHC tool kit for inspiration when holding their workshops. The OHC will be replaced in 2024 by an engagement survey, which was piloted during the reporting period.

Diversity, equity & inclusion

For the Talanx Group, diversity, equity and inclusion (DE&I) are more than just material aspects of its 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 The Group has supported DE&I for over a decade now – ever since the Board of Management signed up to Germany's Diversity Charter. The Director of Labour Relations has been responsible for diversity, equity and inclusion since 2023. The fact that a Board of Management member is responsible for this topic demonstrates its importance within the Group. Management of diversity, equity and inclusion has been strategically embedded in the Group's people management and business processes. This systematic focus is also underscored by the motto for the Group (not including the Hannover Re Group), "BeYou. Together we are traditionally different".

The international DE&I Board was disbanded and its tasks have now been assumed by the Group-wide, international People & Culture Dialogue Board. This addresses all issues relating to People & Culture in the Group. The divisions have their own working groups that focus on the DE&I issues within their own areas.

This commitment to DE&I and the strategy that has been resolved is expressed in a series of activities and measures that have already been launched, and are now being successively rolled out within the Group.

2023 saw the continuation of informational and awareness-raising activities such as the existing unconscious bias and anti-racism training courses, and coaching on the use of inclusive language. These offerings were available to Board of Management members, managers and employees alike.

The Group's international companies are also active in the area of DE&I. For example, the Retail International Division's Mexican subsidiary is rolling out a DE&I programme entitled "Prisma". Among other things, this comprises an empowerment programme for female talent and awareness-raising measures focused on people with disabilities. In the Industrial Lines Division, a partnership has been established in the Netherlands with "Emma at Work", with the goal being to recruit and include staff with severe disabilities. The United Kingdom established an anonymous application process and held a number of action days, including International Women's Day, International Men's Day and Gay Pride Day. In addition, managers are offered the opportunity to take part in a DE&I training course that focuses on recruitment.

There are a number of networks in the Talanx Group relating to diversity, equity and inclusion: the "Women@Talanx" women's network, the "pride@hdi" international LGBTIQ* network; an international DE&I community; the "HDI Starters Network" for vocational trainees and students; the "BIPoC@HDI" Safe(r) Space for and by Black People and People of Colour; "Parents@HDI"; and "Internationals@HDI".

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 that are found to exist, and to develop measures that put a stop to such behaviour. At the same time, the Group 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, or speak out against discrimination. A total of two cases of discrimination resulting in employment law consequences occurred in 2023.

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, needs-driven sales advice, fair claims adjustment and providing the agreed services if insured events occur are particularly important for the Talanx Group here.

Customer satisfaction

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

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

Easy-to-understand information about insurance solutions

GRI 417-1 The German Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) imposes extensive duties on the insurance industry to inform customers. 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 legislation 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 certain products

In addition, Level 2 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing the EU Sustainable Finance Disclosure Regulation has applied since 1 January 2023. This involves more concrete disclosure requirements. New features include templates that must be used to present pre-contractual information and annual benefit statements, the publication of Principal Adverse Impact (PAI) statements and more details of product disclosure requirements.

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 also points that are 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 system is regularly recertified by independent auditors in accordance with audit standard IDW PS980.

Transparency and comparability are also achieved by using BaFin's allocation approach (Zuordnungsansatz). This is a procedure by which assets can be specifically assigned to sustainable product groups or products as part of disclosure requirements. The Talanx Group uses the allocation approach voluntarily.

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 amended to expand 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 into 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.

As regards the IDD and its practical implementation in sales operations at its partners, the Talanx Group provides the sales organisations at its bancassurance partners with coaches, training courses and qualification measures for their own sales operations, or legally compliant integration is being facilitated at the software level.

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/non-exclusive agents refer to the basic tenets underpinning the GDV Code of Conduct or an alternative, vetted broker code.

Female Finance – Retirement provision

Women are much more likely than men to be hit by poverty in their old age, since their pensions at the end of their working lives are over 40% smaller. The gap is due to typical differences in their employment histories: women are more likely to interrupt their careers, while more of them also work part-time. At the same time, they also act as unpaid carers much more frequently.

neue leben insurers – which is part of the Talanx Group and partners with a large number of German savings banks – has set itself the goal of drawing attention to, and raising awareness of, this situation. This is why its lead focus in 2023 was on “women and retirement provision”. It aims to partner with savings banks to ensure everyone – be they male or female – has the chance of financial security in their old age.

neue leben developed a broad-based offering for savings banks to use in their advisory activities. The focus is on providing financial knowledge, creating transparency and offering solutions.

Savings bank staff received extensive training to raise their awareness of the issue. A “female finance check” is used to give women an initial overview of their position, opening the way for specialised advisory services at the savings banks. A magazine and a podcast series on women and retirement provision provide background knowledge.

Regionally tailored events aimed at female customers complete the package.

> For us, taking social responsibility means looking at where exactly we are needed and positioning our products precisely in line with this.

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

A focus on retirement provision for women: neue leben and savings banks provide information and demonstrate solutions.

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

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 the subject of extensive compliance training.

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

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, marine, group accident, vehicle fleet, legal expenses and cyber risk, and for 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.

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 respecting human rights and on actively supporting employee rights, and takes these 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.

In 2021, the Talanx Group rolled out its Code of Conduct, which had been expanded to include compliance with human rights, worldwide to all Group employees. The rules 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 staff interact with each other.

These rules have been set out in a separate chapter on sustainability in the Group's Compliance Guidelines. The Compliance Guidelines are addressed to all Talanx Group employees throughout the world (not including the Hannover Re Group) and contain minimum compliance standards. The 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.

One of the due diligence obligations that the Talanx Group has to comply with under the LkSG is to establish adequate and effective risk management with the goal of preventing human rights abuses in its own operations and in its supply chain. Group Compliance monitored risk management in 2023. The due diligence obligations comprise the duty to perform a risk analysis so as to determine human rights and environmental risks in its own business areas and at its direct suppliers. The Talanx Group performed this risk analysis for the first time in 2023.

In addition to internal rules such as those set out in the Code of Conduct, 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 2022 to comply with the provisions of the LkSG and the new version was published.

In addition, the Talanx Group published a human rights policy statement on its corporate website in 2022 in which it expressly commits to respecting human rights and to exercising corporate due diligence in respect of these rights.

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

GRI 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 supporting international human rights but also to ensuring freedom of association, eliminating forced labour and child labour, and taking steps to prevent employee discrimination.

The Talanx Group has also committed itself to the United Nations' 17 Sustainable Development Goals. Due to its business priorities, it focuses particularly on specific goals, which include topics such as Gender Equality and Decent Work and Economic Growth.

Measures taken to ensure respect for human rights in the supply chain are described in the Supplier management section in particular. In addition, the Talanx Group takes human rights aspects into account in its asset management and underwriting activities (see Social matters in asset management and underwriting). The Group also discharges its human rights responsibilities by systematically promoting diversity, equity and inclusion as part of its people management strategy (see Diversity, equity & 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 2023	Status in 2022	Status in 2021
Social matters in asset management and underwriting	Enhance social responsibility in asset management	ESG screening of investment portfolio	Group-wide	Ongoing	Ongoing	Ongoing
		Exclude issuers that do not comply with social criteria	Group-wide	Ongoing	Ongoing	Ongoing
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 11.3 billion [1]	EUR 7.9 billion	EUR 7.2 billion
	Enhance social responsibility in underwriting	Include social criteria when underwriting risks	Group-wide	Ongoing	Ongoing	Ongoing
		Expand insurance cover for previously inadequately insured sections of the population	Hannover Re Group	Ongoing	Ongoing	Ongoing
Corporate social commitment	Strengthen the Company's social responsibility	Support charitable projects and social initiatives	Group-wide	Ongoing	Ongoing	Ongoing
		HDI Foundation sponsored projects	HDI Group Germany	Ongoing	Ongoing	Ongoing
Talanx as an employer	Improve work-family balance	Flexible working time models	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Expand support provided for childcare	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Expand support provided for long-term care of relatives	HDI Group Germany	Ongoing	Ongoing	Introduced
	Promote employee health	HDI Health Year with offerings on specific topics	HDI Group Germany	Ongoing	Ongoing	Ongoing
		(Medical) advice for employees and addiction prevention	HDI Group Germany	Ongoing	Ongoing	Ongoing
	Internationality	International programmes, shadowing opportunities and secondments abroad	Group-wide	Ongoing	Ongoing	Ongoing
	Performance-related pay	Assign positions to salary bands set out in collective agreement for the insurance industry	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Use Hay job evaluation method for management functions	Group-wide	Ongoing	Ongoing	Ongoing
	Cultural transformation	Implement the Organisational Health Check (OHC) global employee survey	Group-wide	Completed [2]	Ongoing	Ongoing
Employee recruitment and development	Talent recruitment/optimum vacancy filling	Enhance the recruiting centre	HDI Group Germany	Ongoing	Ongoing	–
		Participate in careers fairs	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Implement assessment centres for middle management	HDI Group Germany	Ongoing	Ongoing	Ongoing
	Strengthen employer brand	HR podcast, closely targeted campaigns	HDI Group Germany	Ongoing	Ongoing	Ongoing
	Optimise development measures for specialists and managers	"Together Leadership Journey" for enhancing leadership skills	Group-wide	Completed [3]	Ongoing	Ongoing
		Launch new development programmes (e.g. Female Empowerment Programme/ Induction Programme for New Managers)	HDI Germany/ HDI Global	Ongoing	Ongoing	Ongoing
		Promote a new culture of learning	HDI Group Germany	Ongoing	Ongoing	Introduced
		Strengthen feedback culture	Group-wide	Ongoing	Ongoing	–

GOALS AND MEASURES: SOCIAL MATTERS

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Diversity, equity and inclusion	Increase diversity at all levels of management, especially with respect to women	Women in management positions	Group-wide	33.9%	32.3%	31.7%
	Promote diversity and equal opportunities	Promote a non-discriminatory working environment e.g. through training to prevent unconscious bias, racism and discrimination	HDI Group Germany	Ongoing	Ongoing	Ongoing
Responsibility to customers	Enhance customer dialogue	Easy-to-understand information about insurance solutions	HDI Germany	Ongoing	Ongoing	Ongoing
Human rights and supply chain	Implement and monitor LkSG due diligence obligations	Perform LkSG risk analysis	Group-wide	Introduced	–	–
		Group Compliance to monitor the risk management activities required to be established under the LkSG	Group-wide	Introduced	–	–

[1] The target was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; adjusted for a change in the methodology, the volume would also be above the 2025 target figure, at EUR 9.5 billion.
[2] To be replaced in 2024 by the engagement survey.
[3] To be replaced in 2024 by the Talanx Executive Campus.

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. This includes the enterprise's organisation and values, plus 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, and by the German Co-determination Act (MitbestG). In line with this, the Company's three governing bodies – the Board of Management, the Supervisory Board and the General Meeting – form 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 on fundamental issues 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.

As required by 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 examination 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 assets, liabilities, financial position and financial performance, 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 their execution, which are resolved by the Supervisory Board as a whole. 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 executive 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 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. All eight members of Talanx AG's Supervisory Board are currently independent as defined by the criteria set out in the German Corporate Governance Code.

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 on 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 performance, the Company's financial position and financial performance, 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' way of working or living, and serves as a point of contact for them. The Board of Management works together constructively with the Works Council members.

The activities of the various 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 of 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). The Supervisory Board, assisted by the Personnel Committee, uses the system as a basis when determining the total remuneration for the individual Board of Management members.

GRI 2-19 The General Meeting votes at regular intervals to approve the remuneration system. In addition, 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 on the basis of the remuneration report submitted, and can pass a consultative vote on the remuneration system ("say on pay").

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WOMEN

are currently members of the Supervisory Board; bringing the proportion of women on the Supervisory Board to more than 30%.

The Talanx Group has set itself the goal here of aligning the Board of Management remuneration even more closely with its publicly communicated financial and non-financial targets and the shareholder return, and of reporting on it transparently. The new remuneration system has applied to all Board of Management members since 1 January 2021 and to all senior executives (leitende Angestellte) 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 than before 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.

GRI 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. Talanx AG's Supervisory Board has five female members overall, bringing the proportion of women on it to over 30%. Talanx AG's Board of Management has one female member, Caroline Schlienkamp. This complies both with the target quota and with the gender-specific minimum quota for the Board of Management set out in section 76(3a) of the AktG.

GRI 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 AGE[1]

		By gender		By age		
	Number	Male %	Female %	Under 30 %	30–50 %	Over 50 %
2023						
Board of Management	7	85.7	14.3	—	14.3	85.7
Supervisory Board	16	68.8	31.3	—	6.3	93.8
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

[1] Rounding differences may occur.

ESG governance

The Talanx Group continued to expand and strengthen its sustainability governance in the reporting period in a number of different application areas.

GRI 2-12 | 2-17 The importance that the Group places on sustainability was underlined by the appointment of another expert to the Supervisory Board. This means that there are now three sustainability specialists on this body. At the same time, dialogue with the Supervisory Board on this topic was strengthened by a training offering, among other things.

Starting in financial year 2024, the Talanx Group will be required to report in accordance with the Corporate Sustainability Reporting Directive (CSRD). The Group prepared in detail for the resulting changes and extensions to its non-financial reporting in the reporting period with the help of an enterprise-wide implementation programme.

In addition, Talanx AG's Group Strategy & Sustainability function provided further support for the topic by systematically expanding the sustainability departments in the divisions and a number of central units.

Group Strategy & Sustainability is at the heart of the Group's sustainability activities. It is responsible for coordinating and enhancing activities, and for launching new ones, at Group level 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 Group's comprehensive governance practices and hence further facilitating internal networking and best practice sharing on the subject. Defined core processes are 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 corporate practice. Above and beyond this expert network, a number of working groups on specific ESG topics regularly share information within the Group. The Talanx Group also uses external support where needed in specific situations.

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

GRI 2-14 In addition, two core decision-making bodies on 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 spearhead the process of embedding sustainability aspects in all core asset management and underwriting processes in line with the strategy. Sustainability ownership rests with Talanx AG's full Board of Management. Consequently, the Board of Management regularly examines the implementation status for the sustainability strategy, along with the strategic action areas and sustainability reporting. In the process, 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 by voluntarily undertaking 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 the Principles for Sustainable Insurance (PSI). These are the world's leading standards and guidelines for integrating sustainability criteria in their respective areas.

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.

Starting in financial year 2021, the Talanx Group also included sustainability aspects in the remuneration system for the Board of Management and tied part of the latter's variable remuneration to achieving individual sustainability goals that promote the Company's sustainable long-term development (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, both within and across individual sectors.

Additionally, the Talanx Group has aligned itself 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.

GRI 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 (Talanx Group Annual Report) underscores the importance that the Group places on it and on creating transparency about sustainability.

Digital transformation, data protection and cyber security

Digital transformation

Digital transformation and the resulting potential for both innovation and disruption are radically changing customers' and business partners' expectations of what The Talanx Group does and the services it provides, and are hence a constant driver for change in the insurance sector. The Group is addressing digital transformation as a differentiating factor throughout its entire value chain. In addition to digitalising its own processes, it is focusing on digital processes and products for customers and partners in the relevant markets.

Best practice labs provide specific support for digital innovation throughout the Group; activities here include international information sharing 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 from the insurtech scene to the Talanx Group's operating units and to initiate pilot installations. Transparency about digital "Talanx assets" allows rapid information sharing and the replication of best practices.

Data protection, cyber security and information security have a key role to play given current dynamic developments and in particular the structural changes resulting from the digital transformation process.

Data protection and cyber security

GRI 3-3 In an increasingly networked and global world, information and data are exposed to a large number of risks, threats and other unpredictable challenges.

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

Data protection, cyber security and information security 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 identification, assessment, management, monitoring and reporting at the overarching enterprise level.

The Information Security Office and Data Protection functions are independent Group units that work closely together. They share common values in the form of their focus on technical security issues 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 the Talanx Group's business is data-driven, and data are also 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, cyber security and information security 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 that are specifically 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 Talanx Group uses individual recognition strategies plus structured response and contingency plans to protect its customer data and assets, and to repel attackers from cyberspace. This reduces any damage suffered to a minimum and permits countermeasures to be taken to ensure that the systems are restored rapidly and in full.

Cyber security 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.

The Talanx Group therefore defines cyber security 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 Group is investing significantly in cyber security 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 cooperating systematically with 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 cyber security and information security activities. The Talanx Group's strategy is to identify, address 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 Information Security function and the Talanx Group's Chief Information Security Officer (CISO) are responsible for managing and overseeing the information security management system (ISMS) established 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. The Hannover Re Group 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 carrier involved receive a quarterly security report and are informed ad hoc in critical cases. The Talanx Group's CISO reports directly to the 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 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 be captured, processed and stored if there is a legal basis for this; in particular this 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 Group's data protection strategy mirrors its decentralised approach with respect to the different business divisions, while at the same time bundling expertise and processes within a Group-wide 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.

Transparency is another key element of the GDPR in addition to limiting and ensuring the legality of data capture and processing. 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 specify in more detail what they mean 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 Talanx's Board of 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, decisions by public authorities and court rulings, 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 Group companies, and the interfaces between the function and the Group companies have been created.

Annual reporting provides 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 Talanx's Board of 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 enhance and 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 regularly 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 systematically 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 specifications 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. Tasks and responsibilities are assigned both at both central and local level. 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. It is used to assess all data protection incidents, whether reportable or not. Information about the trigger for the incident and the measures taken is also recorded as a standard procedure. Equally, the need to inform data subjects in line with the statutory requirements is taken into account. The reports that can be generated using the tool assist both in internal documentation and in reporting to the data protection authorities.

GRI **418-1** In 2023, five reports of breaches by Talanx Group companies of personal data protection requirements relating to customer data were submitted to German supervisory authorities. The authorities did not establish any breaches of data protection requirements by Talanx Group companies in any 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 is increasingly focusing 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 ensure compliance with 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 of this. It consists of a number of different elements that interoperate systematically: culture and rules, training and communication, organisation, risks, core/coordination topics, and 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 ensuring transparency on the Group's commitment to complying with existing laws and its voluntary undertakings. 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. The principles they contain 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 help Group Compliance to optimally manage relevant processes for mitigating compliance risks, such as training and monitoring measures.

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, suspected breaches of the law or guidelines can be reported to employees' line managers or directly to the compliance officer for the company in question. As from March 2023, it has also been possible to report breaches of human rights and environmental pollution in addition to the previous focus areas.

Group Compliance has implemented an external tool for monitoring legal changes. The unit provides managers and staff with quarterly (and since Q2 2023 two-monthly) overviews of the results of its monitoring of statutory initiatives that could impact business processes in the Primary Insurance Group in Germany and Corporate Operations, hence ensuring that statutory requirements are complied with.

Regular communication of compliance issues is a key element 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 offered on relevant compliance topics, including the Code of Conduct. 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. In addition to the existing measures, a new web-based training initiative started to be rolled out in December 2023 that offers all staff worldwide the opportunity of participating in training on the Code of Conduct and the core topics covered in the Talanx Compliance Guidelines.

A number of measures are taken to strengthen international cooperation within the network of local compliance officers. Group Compliance and local compliance managers use the established "ComplianceXChange" format to communicate with each other and discuss potential best practice solutions.

Adherence to the compliance requirements is checked by Group Compliance itself and during regular internal audits by Group Audit. 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 2023. 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.

Anti-corruption and anti-bribery

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

The Code of Conduct explicitly states that the Group combats all types of bribery and corruption. These principles are set out in more detail in the Compliance Guidelines.

GRI 205-1 In addition, the Code of Conduct and the 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 addresses preventing corruption, all staff are provided with information 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 2023 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, performs a Group-wide money-laundering risk analysis at least once a year, the results of which are consolidated at the level of HDI V.a.G. This is supplemented by quarterly reporting. Group AML has held a virtual dialogue between its money laundering officers and AML managers twice a year since 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 Group Compliance and regularly audited by Group Audit. 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 the supervisory authority and the law enforcement agencies.

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. 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 fact 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 whistleblowing system. The Code of Conduct that is binding on all Group units worldwide contains an explicit commitment to comply with all tax-related obligations, to reject the misuse of tax structures, and to responsibly and legally compliant tax planning. The tax whistleblowing 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 2022 for key countries in the Talanx Group:

INCOME TAXES PAID AND INCOME TAX EXPENSE (2022) [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	—	720	145	824
Australia	9,248	39,137	372	107,927
Austria	5,768	3,596	335	7,541
Bahrain	5,300	42	48	150
Belgium	–1,904	3,911	102	3,863
Bermuda	10,895	1,711	50	2,858
Brazil	4,931	5,187	1,418	13,288
Canada	1,091	32,288	112	3,183
Cayman Islands	457	457	—	302,053
Chile	10,929	1,469	687	151,797
China	—	—	102	4,881
Colombia	—	—	338	5,079
Czech Republic	1,040	1,236	15	140,473
Denmark	4,191	1,780	53	3,755
France	38,205	30,245	225	131,982
Germany	102,167	173,373	10,805	4,003,089
Great Britain	31,427	35,123	671	30,570
Greece	987	—	29	1,180
Hong Kong	691	752	66	1,502
Hungary	85	828	284	25
India	10,561	5,779	29	460
Ireland	4,301	17,199	75	11,338
Italy	9,660	20,168	676	311,043
Ivory Coast	12	14	1	—
Japan	189	447	34	130,241
Luxembourg	196	102	2	2,239
Malaysia	961	6,082	131	3,250
Mexico	2,598	9,209	1,708	44,381
Netherlands	11,306	15,785	245	8,860
New Zealand	637	1,006	—	—
Norway	320	—	2	—
Poland	53,227	38,700	3,086	219,093
Romania	259	245	—	54,138
Russia	99	–110	37	2,939
Singapore	707	1,573	39	202,953
Slovakia	131	185	11	39,475
South Africa	3,397	3,520	501	3,549
South Korea	184	628	8	205
Spain	4,581	6,141	89	103,653
Sweden	1,168	2,789	381	3,009
Switzerland	—	39	85	9,658
Türkiye	—	200	812	13,722
United States	34,931	91,284	543	723,280
Uruguay	—	–27	45	609
Total	**364,933**	**552,816**	**24,397**	**6,804,115**

[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 214 million in payroll taxes (including the solidarity surcharge and church tax) for their employees for 2022. In the same period, these companies remitted German insurance taxes (including fire brigade charges) in the amount of approximately EUR 565 million and foreign insurance taxes (including fire brigade charges) in the amount of approximately EUR 98 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 63 million. Property purchase tax of approximately EUR 3 million was incurred in 2022 as a result of property acquisitions in Germany.

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 respect for 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 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 at its suppliers. 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, for example 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. The

Code was updated in 2022 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 this promotes sustainability. In the case of its German locations, the Talanx Group defines regional suppliers as companies in the same physical place, since this keeps transport distances short. In Germany, roughly 50% (2022: 50%; 2021: 50%) of suppliers of operating equipment and foodstuffs fall within this category, as do roughly 24% (2022: 33%; 2021: 24%) 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. In this context, the ratio of local suppliers used by IT Procurement declined year-on-year in the reporting period, in particular because large-volume contracts were signed.

The Code of Conduct for Business Partners is also available to foreign Group companies for use in procurement processes. The Talanx Group's foreign companies generally define regional suppliers as companies domiciled in the country concerned. Only in the procurement of IT services were there some cases of cross-border supply agreements.

The Talanx Group in Germany sets store by environmental friendliness for a large number of materials. For example, 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 German Group Procurement unit 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 led 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 that supports the systematic annual risk analysis performed in connection with the LkSG. The application was rolled out in 2023 as part of the Group-wide risk analysis that was performed.

Professionalised supplier management activities (IT Purchasing and Group Procurement) were introduced in the reporting period.

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 2023	Status in 2022	Status in 2021
Corporate governance	Ensure good organisational governance	New Board of Management remuneration system pursuant to the ARUG II	Group-wide	Ongoing	Ongoing	Introduced
		Include ESG in new Board of Management remuneration system	Group-wide	Ongoing	Ongoing	Introduced
		Take sustainability expertise into account in fit and proper declarations for Supervisory Board members	Group-wide	Ongoing	Introduced	–
		Strengthen sustainability expertise on the Supervisory Board; Talanx AG's Supervisory Board to regularly address the topic of sustainability	Talanx Supervisory Board	Ongoing	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	Ongoing	Ongoing	Introduced
		Establish Group-wide sustainability expert network	Group-wide	Ongoing	Ongoing	Introduced
Digital transformation, data protection and cyber security	Maintain information security management system (ISMS)	Ensure ISO 27001 certification of information security management system (ISMS) through annual audits/recertification after three years	Group-wide (not including Hannover Re and individual (foreign) companies	Audit completed	Recertification performed	Ongoing
	Enhance employee awareness	Mandatory employee training to raise awareness of current cyberattack methods	Group-wide	Ongoing	Ongoing	Ongoing
	Enhance management approaches	Expand and optimise processes for international reporting	Group-wide (not including Hannover Re and individual (foreign) companies	Ongoing	Ongoing	–
	Process optimisation	Introduce technical workflow-based register of processing pursuant to the GDPR	Group-wide (not including Hannover Re and individual (foreign) companies	Ongoing	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	Ongoing
Supplier management	Give greater weight to sustainability criteria in Procurement (IT Procurement and Group Procurement)	Establish strategic supplier management	HDI Group Germany	Introduced	2024 [1]	2024 [1]

[1] Date originally planned for introduction.

Further Information

PAGE

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 2023 to 31 December 2023. 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 the Talanx Group's work
- Substantively influence its stakeholders' assessments and decisions, and
- Are highly relevant for its business success.

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

In addition to the direct stakeholder survey, stakeholder interests are taken into account by using studies, initiatives and ESG ratings to identify the topics. Last but not least, the report is structured in accordance with the GRI Standards, which are the result of a multi-stakeholder process.

Since 2017, the data for the sustainability report have been collated using an overarching data capture system. Due to this software-based method of collating data and to the continuous integration of additional companies and branches in reporting, deviations between the current data and the figures for previous years cannot be ruled out. The change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations compared to the prior-year figures and adjustments to the data captured are identified and explained in the text or 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 2023 and can be found in the Consolidated non-financial statement on pages 82ff. 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:

Consequently, as at the 31 December 2023 reporting date, this report covered 17,863 members of staff. This corresponds to approximately 63% of the Group's total workforce (28,182 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.

SCOPE OF SUSTAINABILITY REPORTING[1]

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	8,558	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	2,843	Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A.	75.74
			Towarzystwo Ubezpieczeń na Życie WARTA S. A.	100.00
TU Europa Group	Poland	324	Towarzystwo Ubezpieczeń Europa S. A.	50.00
			Towarzystwo Ubezpieczeń na Życie Europa S. A.	100.00
HDI Seguros S. A. de C. V.	Mexico	1,819	HDI Seguros S. A. de C. V.	99.76
HDI Seguros S. A.	Brazil	1,182	HDI Seguros S. A.	100.00
HDI Seguros S. A.	Chile	681	HDI Seguros S. A.	99.95
HDI Sigorta A. Ş.	Türkiye	777	HDI Sigorta A. Ş.	100.00
HDI Assicurazioni S. p. A.	Italy	580	HDI Assicurazioni S. p. A.	100.00
			InChiaro Life DAC (Italy)	100.00
HDI Versicherung AG	Austria	171	HDI Versicherung AG	100.00
HDI Global Seguros S. A.	Brazil	76	HDI Global Seguros S. A.	100.00
HDI Global Insurance Company	United States of America	214	HDI Global Insurance Company (USA)	100.00
HDI Global SE – Branch for the UK[3]	United Kingdom	139	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	179	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	90	HDI Global SE – Branch for Belgium	100.00
			HDI Global Specialty SE – Branch for the Belgium	
HDI Global SE – Branch for France[3]	France	165	HDI Global SE – Branch for France	100.00
HDI Global SE – Branch for Spain	Spain	84	HDI Global SE – Branch for Spain	100.00

[1] The scope of the disclosures made in the "Climate action and environmental protection in the enterprise" section is broader. 99.8% coverage (excluding the Hannover Re Group) was achieved when collecting the emissions data.
[2] The figure used for employees represent the average headcount in the reporting period.
[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.

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
- Verkehrsopferhilfe e. V. (VOH)
- Versicherungsforen Leipzig
- Versicherungsombudsmann e. V.
- VOTUM Verband Unabhängiger Finanzdienstleistungs-Unternehmen in Europa e. V.
- Zukunftswerkstatt Versicherungen

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)
- CDP Capital Market Signatory
- 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)
- World.Minds AG

Talanx Group memberships abroad

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
- Österreichische Gesellschaft für Versicherungsfachwissen
- Österreichische Marketing Gesellschaft
- Österreichische Baumaschinenverband (MAWEV)
- TWI Wirtschaftsservice e. V.
- Versicherungsverband Österreich (VVO)
- Wirtschaftskammer Österreich

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

Brazil
- National Confederation of Insurance Companies (CNSeg)
- National Federation of General Insurance (FenSeg)
- Syndicate of Insurance and Reinsurance Companies (Sindseg)

Chile
- Asociación de Aseguradores de Chile (AACH)

France
- Agency for the Fight against Insurance Fraud (ALFA)
- Association pour la Gestion des Informations sur le Risque Automobile (AGIRA)
- L'Association pour l'etude de la Reparation du Dommage Corporel (AREDOC)
- Assurpol
- Autos Motos Manifestations Sportives Reassurance (AMS Re)
- France Assurers (ROAM)
- Institut des Actuaires
- Institut du Risk et de la Compliance
- Jeunes cadres de l'assurance Lyonnaise (JCAL)
- La mediation de l'assurance
- Mission risques natures

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

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

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

Poland
- International Union of Aerospace Insurers (IUAI)
- International Union of Marine Insurance (IUMI)
- Partner Club of Poznań University of Economics
- Polish Insurance Guarantee Fund (UFG)
- Polska Izba Ubezpieczeń (PIU)
- Polskie Biuro Ubezpieczycieli Komunikacyjnych (PBUK)
- Sectoral Agreement for the Development of Offshore Wind Energy in Poland (since 21 September 2021)
- Związek Dealerów Samochodów (ZDS)

Spain
- Aseguradores de Riesgos Nucleares (ARN)
- Asociacion Espanola de Gerencia de Riesgos y Seguros (AGERS)
- Pool Espanol de Riesgos Medioambientales (PERM)
- Union Espanola de Entidades Aseguradoras y Reaseguradoras (UNESPA)

Türkiye
- Insurance Association of Türkiye

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 Limited (PPL)
- Pool Reinsurance

United States of America
- American Council of Engineering Companies (ACEC)
- American Institute of Marine Underwriters (AIMU)
- American Property Casualty Insurance Association (APCIA)
- Captive Insurance Companies Association (CICA)
- Chicagoland Associated General Contractors (CAGC)
- Council of Insurance Agents & Brokers (CIAB)
- German American Chamber of Commerce (GACC)
- Inland Marine Underwriters Association (IMUA)
- Vermont Captive Insurance Association (VCIA)

ESG ratings

TALANX GROUP RATINGS

Ratings	Scale[1]	2023	2022	2021
CDP	(D– to A)	A–	B	B–
MSCI	(CCC to AAA)	A	A	A
Sustainalytics	(100 to 0)	15.3	19.2	19.3
ISS ESG	(D– to A+)	C	C	C
Indices				
FTSE4Good	(1 to 5)	4.5	4.5	3.6

[1] From worst to best score.

As of April 2024.

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 sustainably 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 Talanx 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.

SDG 3: Good health and well-being	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.
SDG 4: Quality education	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 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.
SDG 5: Gender equality	Gender equality is highly important to the Talanx Group. Management of diversity, equity and inclusion has been strategically embedded in the Group's people management and business processes. The Group's independent diversity, equity and inclusion strategy is expressed in a series of activities and measures within it. The Talanx Group has also explicitly set itself the goal of increasing the proportion of women in management positions. In addition to its expanded range of training offerings, mentoring programmes and its Women@Talanx network, the Talanx Group systematically ensures that women are included in succession planning.
SDG 7: Affordable and clean energy	The Talanx Group aims to actively support the transformation 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 projects such as wind farms and solar thermal plants, and in expanding the related power grids. All in all, the Group has made roughly EUR 1.2 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, hydrogen technology, and grid and storage infrastructures.
SDG 8: Decent work and economic growth	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 childcare and flexible working offerings in order to achieve this goal. Signing up to the UN Global Compact underscores its ambitions in this area.
SDG 9: Industry, innovation and infrastructure	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.
SDG 11: Sustainable cities and communities	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 the consequences of 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.
SDG 12: Responsible consumption and production	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.
SDG 13: Climate action	The Talanx Group has committed itself to achieving net zero emissions by 2030 at the latest in its own operations (Scope 1, 2 and 3, including offsetting of residual emissions), 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 risks. At the same time, the Talanx Group sees itself as actively promoting the transformation to innovative technologies that are replacing particularly harmful technologies and that offer new approaches to climate protection.

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 corporate governance that is aligned with sustainable value creation. 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. The Group introduced exclusions with respect to fossil fuels, and hence significantly tightened its positioning in the underwriting area, in the current reporting period. The Group's exclusion of deep sea mining projects addresses risks associated with preserving natural habitats and ecosystems. In addition, its new positioning on the rights of indigenous peoples takes additional social criteria into account in underwriting. Detailed information on its positioning in the underwriting area 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 issuers 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 transformation. Detailed information on the customer engagement processes is provided in the sections entitled Climate-related and environmental matters in asset management and Climate-related and environmental matters in underwriting.

Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
Stakeholder dialogue plays an important role in enhancing the Talanx Group's sustainability strategy. The Group holds regular discussions with stakeholders so as to continuously raise awareness of particularly sensitive ESG topics. The suggestions made by the auditors during the review of the 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 (Materiality analysis, 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. The materiality analysis is performed in the same way as the strategy cycle and therefore took place as part of the regular cycle 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 2023 to 31 December 2023.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page(s)	Comments and omissions	UNGC Principle(s)
2	**General Disclosures 2021**			
2-1	Organizational details	6, 8, 59		
2-2	Entities included in the organization's sustainability reporting	74		
2-3	Reporting period, frequency and contact point	73, 86		
2-4	Restatements of information		All information was checked and no significant deviations were determined.	
2-5	External assurance	63, 73		
2-6	Activities, value chain and other business relationships	6, 8		
2-7	Employees	44		6
2-8	Workers who are not employees		Information not available to date. The KPI data will be captured and reported as part of CSRD reporting.	
2-9	Governance structure and composition	59		
2-10	Nomination and selection of the highest governance body	60		
2-11	Chair of the highest governance body	59		
2-12	Role of the highest governance body in overseeing the management of impacts	13, 59, 62		
2-13	Delegation of responsibility for managing impacts	60, 62		
2-14	Role of the highest governance body in sustainability reporting	62		
2-15	Conflicts of interest	59		
2-16	Communication of critical concerns	60		
2-17	Collective knowledge of the highest governance body	62		
2-18	Evaluation of the performance of the highest governance body		Information not available to date.	
2-19	Remuneration policies	47, 60		
2-20	Process to determine remuneration	47		
2-21	Annual total compensation ratio		Information not available to date. The KPI data will be captured and reported as part of CSRD reporting.	
2-22	Statement on sustainable development strategy	4		
2-23	Policy commitments	13, 55, 62		
2-24	Embedding policy commitments	59, 66		
2-25	Processes to remediate negative impacts	60		
2-26	Mechanisms for seeking advice and raising concerns	62, 66		
2-27	Compliance with laws and regulations	67		
2-28	Membership associations	75		
2-29	Approach to stakeholder engagement	15, 53		
2-30	Collective bargaining agreements	45		3, 6

GRI CONTENT INDEX

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	16		
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, 25		7, 8, 9
	Climate action and environmental protection in Talanx's own operations	17, 31		7, 8, 9
	Employee matters	17, 43		6
	Responsibility to customers	17, 52		
	Data protection and cyber security	17, 63		
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	61		
202	**Market Presence 2016**			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	48		6
202-2	Proportion of senior management hired from the local community	49		6
203	**Indirect Economic Impacts 2016**			
203-1	Infrastructure investments and services supported	21		
203-2	Significant indirect economic impacts	25		
204	**Procurement Practices 2016**			
204-1	Proportion of spending on local suppliers	70		7
205	**Anti-corruption 2016**			
205-1	Operations assessed for risks related to corruption	67		10
205-2	Communication and training about anti-corruption policies and procedures	67		10
205-3	Confirmed incidents of corruption and actions taken	67		10
206	**Anti-competitive Behavior 2016**			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	67		10
207	**Tax 2019**			
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207-2	Tax governance, control, and risk management	68		
207-3	Stakeholder engagement and management of concerns related to tax	68		
207-4	Country-by-country reporting	69		
301	**Materials 2016**			
301-1	Materials used by weight or volume	34		7, 8
301-2	Recycled input materials used	34		7, 8

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GRI Standard	Disclosure	Page(s)	Comments and omissions	UNGC Principle(s)
302	**Energy 2016**			
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302-4	Reduction of energy consumption	33		7, 8, 9
303	**Water and Effluents 2018**			
303-1	Interactions with water as a shared resource	34		7, 8
303-2	Management of water discharge-related impacts	34		7, 8
303-3	Water withdrawal	34		8
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305	**Emissions 2016**			
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305-2	Energy indirect (Scope 2) GHG emissions	31		7, 8
305-3	Other indirect (Scope 3) GHG emissions	31		7, 8
305-4	GHG emissions intensity	31		8
305-5	Reduction of GHG emissions	31		8, 9
306	**Waste 2020**			
306-1	Waste generation and significant waste-related impacts	34	As a service company, the Talanx Group does not have any significant waste-related impacts.	
306-2	Management of significant waste-related impacts	34		8
306-3	Waste generated	34		8
308	**Supplier Environmental Assessment 2016**			
308-1	New suppliers that were screened using environmental criteria	70		7, 8
308-2	Negative environmental impacts in the supply chain and actions taken	70		7, 8
401	**Employment 2016**			
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48		
401-3	Parental leave	46		
403	**Occupational Health and Safety 2018**			
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403-2	Hazard identification, risk assessment, and incident investigation	46		
403-3	Occupational health services	46, 47		
403-4	Worker participation, consultation, and communication on occupational health and safety	46		
403-5	Worker training on occupational health and safety	47		
403-6	Promotion of worker health	47		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46		
403-9	Work-related injuries	47		

GRI CONTENT INDEX

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	50		
404-2	Programs for upgrading employee skills and transition assistance programs	50		
404-3	Percentage of employees receiving regular performance and career development reviews	52	No quantitative information available at present	
405	**Diversity and Equal Opportunity 2016**			
405-1	Diversity of governance bodies and employees	52, 61		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	47		1, 2, 6
406	**Non-discrimination 2016**			
406-1	Incidents of discrimination and corrective actions taken	52		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	55, 70		1, 2, 3
408	**Child Labor 2016**			
408-1	Operations and suppliers at significant risk for incidents of child labor	55, 66, 70		1, 2, 5
409	**Forced or Compulsory Labor 2016**			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	55, 66, 70		1, 2, 4
414	**Supplier Social Assessment 2016**			
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417	**Marketing and Labeling 2016**			
417-1	Requirements for product and service information and labeling	53		
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418	**Customer Privacy 2016**			
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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. 62
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. 25; p. 28
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	"Group strategy" 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. 14
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	"Climate action and environmental protection in the enterprise" section, p. 31
	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. 11, "Climate-related and environmental matters in asset management" section, p. 20

GRI 2-3

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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 INDUSTRIEVERSICHERUNG
INDUSTRIAL LINES DIVISION

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- HDI Global Specialty SE
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- HDI Global Seguros S. A. (Brazil)
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- HDI Versicherung AG
- Lifestyle Protection AG
- LPV Versicherung AG
- neue leben Unfallversicherung AG
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- HDI Lebensversicherung AG
- HDI Pensionsfonds AG
- HDI Pensionskasse AG
- HDI Pensionsmanagement AG
- Lifestyle Protection Lebensversicherung AG
- LPV Lebensversicherung AG
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- Hannover Life Re of Australasia Ltd.
- Hannover Re (Ireland) DAC
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- Hannover Life Reassurance Company of America

KONZERNFUNKTIONEN
CORPORATE OPERATIONS

- HDI AG
- Ampega Asset Management GmbH
- Ampega Investment GmbH
- Talanx Reinsurance Broker GmbH

Nur die wesentlichen Beteiligungen
Main participations only

Stand/As at: 31.12.2023