



## Talanx AG – Corporate Governance Principles

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## Corporate Governance Principles of Talanx AG

Hannover, 7 May 2021

# Contents

Introduction	2
I Commitment to Corporate Governance	3
II Shareholders and the General Meeting	4
III Cooperation between the Board of Management and the Supervisory Board	5
IV Board of Management	6
V Supervisory Board	7
VI Transparency	10
VII Accounting and Auditing of the Financial Statements	11

# Introduction

This revised and updated version of Talanx AG's Corporate Governance Principles was resolved by the Board of Management and the Supervisory Board in the spring of 2021. The Principles' main goal is to promote even greater trust in the Company and the Group among investors, business partners, customers, employees and the general public. Consistently ensuring good corporate governance strengthens the Company's and the Group's position on the capital markets. Talanx AG's Supervisory Board, Board of Management and employees identify with these Principles, which are based on the German Corporate Governance Code. The Board of Management is responsible for ensuring that they are observed throughout the Group. In addition to these Corporate Governance Principles, Talanx AG has adopted its own Code of Conduct that is used Group-wide and sets out minimum standards of behaviour.

# I Commitment to Corporate Governance

- a) We have committed to basing both our strategy and our day-to-day operations on the highest ethical and legal standards at all times, since the way in which each and every one of us conducts ourselves, acts and behaves influences how Talanx AG and the Group as a whole are seen. To achieve this aim, Talanx AG supports sensible, pragmatic corporate governance principles and acknowledges these as a guide in its activities. The goal of sustainably increasing value is an integral part of our corporate philosophy.
- b) The most recent version of Talanx AG's Corporate Governance Principles is published on the Company's website. The document is reviewed and, where necessary, revised, at regular intervals. This is done on the basis of the statutory and regulatory requirements, and reflects international best practices.
- c) The Board of Management and the Supervisory Board report on the Company's corporate governance every year in the annual report, which is also available on the Internet. This annual reporting also explains any deviations from the recommendations of the German Corporate Governance Code. Both the current and previous versions of the Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG) can also be accessed online.

## II Shareholders and the General Meeting

- a) Talanx AG holds an Annual General Meeting every year in which its shareholders can exercise their rights in relation to the Company's affairs. Each no-par value shares entitles the holder to one vote. The General Meeting elects the shareholder representatives on the Supervisory Board and passes resolutions on all the matters expressly provided for by law and in the Articles of Association. These include approving the activities of the members of the Board of Management and the Supervisory Board, the appropriation of the distributable profit, corporate actions and intercompany agreements, plus resolving the Supervisory Board's remuneration and amendments to the Company's Articles of Association.
- b) All shareholders are also provided with current information on the Company via the Internet as part of our public relations activities. Information relevant to shareholders is published in a timely manner; among other things this includes the invitation to the General Meeting and the latter's agenda, plus any countermotions and election proposals submitted by shareholders, along with any statements by the management on these. In addition, the results of votes taken during the General Meeting are published afterwards.
- c) If the Company has appointed proxy holders and these have been authorised to exercise shareholders' voting rights, the proxies issued to them under the statutory provisions can be granted in any manner permitted by the Company. The details of how to authorise proxy holders are announced together with the notice convening the General Meeting.
- d) A recording of the opening of the General Meeting and the speech by the Chairman of the Board of Management can be found on Talanx AG's website.

### III Cooperation between the Board of Management and the Supervisory Board

- a) The Board of Management is responsible for managing the Company's business in accordance with the law, the Articles of Association and the Rules of Procedure issued by the Supervisory Board. The Rules of Procedure set out in writing the rules governing the assignment of responsibilities and cooperation within the Board of Management.
- b) In addition, the Rules of Procedure specify that transactions of fundamental importance require Supervisory Board approval. These include strategic principles and objectives, and decisions and measures that materially impact the Company's net assets, financial position and results of operations. In the case of takeover bids, the Board of Management and Supervisory Board will, where appropriate, ensure shareholder involvement by convening a General Meeting.
- c) The Board of Management informs the Supervisory Board in a regular, timely, and comprehensive manner of, among other things, all issues relevant for the Company concerning strategy, planning, business performance, the risk position, risk management and compliance for the Company and major Group entities. The Supervisory Board has specified the Board of Management's disclosure and reporting obligations in greater detail.
- d) The Company has taken out D&O insurance for the Board of Management and Supervisory Board that complies with the statutory requirements for a deductible for the members of the Board of Management.

## IV Board of Management

- a) The Board of Management is responsible for managing the Company in the latter's best interests.
- b) To avoid potential conflicts of interest, any loans granted by the Company to members of the Board of Management and Supervisory Board and their relatives must be approved by the Supervisory Board.
- c) Members of the Board of Management may only assume sideline activities, and especially supervisory board mandates outside the Talanx Group, with the approval of the Supervisory Board.
- d) All members of the Board of Management must disclose conflicts of interest to the Chairman of the Board of Management and the Chairman of the Supervisory Board without undue delay, and must inform the other members of the Board of Management of them.
- e) Talanx AG considers the compliance and risk management system to be extremely important in the interests of shareholders as well. The effectiveness of these systems is constantly reviewed.



## V Supervisory Board

- a) The Supervisory Board regularly advises the Board of Management in its management of the business and supervises this. It appoints the members of the Board of Management and ensures long-term succession planning together with the Board of Management. This involves adopting a systematic approach, with the diversity targets being taken into account. In line with the statutory provisions, the Supervisory Board consists of shareholder representatives and employee representatives. The Supervisory Board assesses at regular intervals how effectively it as a whole and its committees are performing their tasks.
- b) When selecting the candidates to be proposed to the General Meeting for election to the Supervisory Board, due consideration is given to ensuring that these persons have the necessary knowledge, skills and professional experience. In addition, the principle of diversity is observed during selection and importance is attached to having an appropriate number of independent members. The members of the Supervisory Board ensure that they have sufficient time available to perform their duties; potential conflicts of interest are avoided. The Rules of Procedure for the Supervisory Board specify that members of the Supervisory Board should be less than 72 years old at the time of their election.

A standard maximum membership limit of three continuous terms of office has been adopted for the Company's Supervisory Board.

- c) Members of the Board of Management are normally reappointed at the earliest one year before the end of their terms of service, taking the age limit of 65 set out in the Rules of Procedure for the Supervisory Board into account. The terms of office should be determined in such a way that they end at the latest in the month in which the member of the Board of Management reaches the age of 65.

- d) No more than two former members of the Board of Management should belong to the Supervisory Board in order to ensure that the Supervisory Board can advise and supervise the Board of Management independently. Members of the Supervisory Board may not be members of the governing bodies of, or exercise advisory functions at, the Company's significant competitors.
- e) The Supervisory Board establishes committees as provided for in its Rules of Procedure to deal with complex issues and depending on the Company's specific circumstances. At present, these are the Personnel Committee, the Finance and Audit Committee, the Nomination Committee and the Standing Committee. Appointments to the committees primarily reflect the specialist expertise required by the committee members in specific cases. In addition, Talanx AG supports the members of the Supervisory Board with respect to training and professional development measures.
- f) The Finance and Audit Committee addresses accounting and risk management issues, among other things. In addition, it examines the independence of the external auditors, issues the audit engagement for the external auditors and determines the audit's areas of emphasis.
- g) With effect from financial year 2021 onwards, the Supervisory Board will receive fixed remuneration only. When determining the amount of remuneration to be paid to members of the Supervisory Board, the functions of the Chairman and Deputy Chairman and memberships of committees will be taken into account in an appropriate manner. The remuneration paid by the Company to the members of the Supervisory Board and any benefits granted for personally performed services, and especially consulting services, are disclosed on an individual basis and broken down into their constituent components.

- h) The external auditors report without undue delay on all findings and events resulting from the performance of the audit of the financial statements that are material to the tasks performed by the Supervisory Board. Furthermore, it has been arranged for the external auditors to inform the Supervisory Board or note in the audit report if, during the performance of the audit of the financial statements, the external auditors identify any facts that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the German Corporate Governance Code issued by the Board of Management and Supervisory Board.
- i) All members of the Supervisory Board disclose any conflicts of interest to the Supervisory Board, and especially those that can arise as a result of a consulting engagement or a governing body position at customers, suppliers, creditors or other third parties. Furthermore, the Supervisory Board informs the General Meeting in its report of any conflicts of interest that have arisen and how these have been dealt with. Material conflicts of interest involving individual members of the Supervisory Board that are not merely temporary result in the termination of the members' Supervisory Board mandate.
- j) The full Supervisory Board regularly reviews the structure of the remuneration system for the Board of Management. The Supervisory Board determines the appropriate level of remuneration to be paid to the members of the Board of Management, based on a performance appraisal and the Company's economic situation; any compensation paid by Group companies is taken into account in this process.
- k) The Supervisory Board resolves the remuneration system for members of the Board of Management and submits this to the General Meeting for approval. The total remuneration paid to each member of the Board of Management is disclosed annually by name, and is broken down into fixed and variable components, and components having a long-term incentive effect.

## VI Transparency

- a) Talanx AG observes the principles of transparency, topicality, openness, clarity and fair disclosure when communicating information to persons outside the Company.
- b) Up-to-date information is supplied via a number of communications channels, and in particular the Internet, media releases and regular analyst conferences. The use of multilingual publications reflects the international nature of both the Company's business and its shareholders.
- c) Members of the Board of Management and the Supervisory Board must report the purchase or sale of shares or other financial instruments linked to the market price of Talanx AG's shares to the issuer, which is responsible for informing the German Federal Financial Supervisory Authority (BaFin), as soon as the limit as from which such notice must be given is reached or exceeded. The same also applies to their spouses, registered civil partners, dependent children and other relations who have lived in the same household as the Board of Management or Supervisory Board member for at least one year at the time of the purchase or sale.
- d) The scheduled release dates for material recurring publications (including announcements of the quarterly and annual results, the annual report and the interim reports) and the date of the General Meeting are published with sufficient advance notice in a financial calendar as part of our information policy. All material information published about the Company can also be accessed on the Company's website and is available in English.

## VII Accounting and Auditing of the Financial Statements

- a) Shareholders and third parties are kept informed during the financial year using interim reports. The consolidated financial statements and the interim reports are prepared in accordance with the applicable International Financial Reporting Standards. The consolidated financial statements are audited by the external auditors engaged by the Supervisory Board in accordance with internationally recognised audit standards.
- b) Shareholders and third parties are kept informed during the financial year using interim reports. The consolidated financial statements and the interim reports are prepared in accordance with the applicable International Financial Reporting Standards. The consolidated financial statements are audited by the external auditors engaged by the Supervisory Board in accordance with internationally recognised audit standards.
- c) Quarterly reports and the annual financial statements are published in a timely manner following the end of the reporting periods concerned.

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